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COMPETITIVE LOCAL ECONOMIC DEVELOPMENT THROUGH URBAN RENEWAL IN THE CITY OF PORT ELIZABETH, SOUTH AFRICA

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COMPETITIVE LOCAL ECONOMIC DEVELOPMENT THROUGH URBAN RENEWAL IN THE CITY OF PORT ELIZABETH, SOUTH AFRICA

by

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“You can’t stay in your corner of the forest waiting for others to come to you. You have to go to them sometimes.”

A.A. Milne, Winnie-the-Pooh

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For Lauren and Kate

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A doctoral thesis could be motivated by a number of factors. A writer may have the aspiration to contribute to academic value; it may be a lifelong ambition, or simply the culmination of incremental studying. In my case, however, it is an obligation to put the record straight in respect of the general practice of urban planning in South Africa and even internationally.

South Africa's social transformation has been, and is, quite an extraordinary one. Any revolution of such nature, whether violent or not, is built on the notion that the past is wrong and that it should be rectified. There is clearly merit in such an approach, or there would no revolution in the first place. Social transformation is often characterized by its philosophical nature and utopian expression and such an approach is the correct point of departure for change. But it also needs to culminate in practical action. A good plan is a plan that works –thus, a plan needs to be implemented for its success to be appraised.

South Africa's transformation was an effort to find consensus in the middle of a spectrum that had its origins in the extremes of a colonial/white rule on the one hand and an African nationalist approach on the other. Any solution based on sound social, political and economic reasoning was not likely, and as such, planning for change was consistently based on attempts to achieve consensus between the first and third world extremes. It is on this rocky terrain that South Africa has battled, mapping and planning for a new future. Many of the strategies adopted were mostly based on unrealistic assumptions and eventually failed on partial or full implementation. Despite a number of success stories, the general picture after seventeen years of democracy is, "that in many cases, we got it dreadfully wrong" *(Interview with Dave Dewar: Professor, Department of Architecture, Planning and Geomatics, University of Cape Town, South Africa).*

I believe this observation may be made in respect of many aspects of our society: health, education, conservation, defending borders, the rule of law, science, sport and many others. This study only touches on a small part of the societal spectrum – that is, urban planning in its relationships with economics. Urban planning after 1994 required finding the middle ground between townships and traditionally 'white' areas. For a number of decades, South African urban planning centred on traditional Central Business Districts **(CBDs)** juxtaposed against township communities, and it has yet to find a way to move away from this kind of thinking. The effort to find a 'middle ground' approach was not an easy task, but a serious effort simply had to be made. Urban planning in South Africa embraces a very western, linear method of planning and this approach has little appreciation or regard for the needs of a highly dynamic market place. It is unrealistic to wish townships away. Although they arose from unjust and regrettable circumstances, they are to remain a geo-spatial reality for South Africa for many decades to come. Traditionally 'white' cities are also undergoing social transformation, often with disastrous results, as concurrent processes of increased urbanization and decentralization – due to traffic and parking problems, crime and urban decay – take their toll.

Whilst planning theory has become increasingly cognisant of the diverse interests of stakeholder groups and the potential for joint solutions, an understanding of the many

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energies and values that permeate practice, remains analytically problematic. Interests, motives and agendas emerge from the process. In fact, in such a process, new desires and aspirations often surface.

As Chief Executive Officer of the Mandela Bay Development Agency **(MBDA),** I am writing this thesis to address the enormous gap I have perceived between urban planning approaches in South Africa and the lack of cognisance for the needs of the market, i.e. what simply makes economic sense. Planning in the pre-1994 South Africa did not take the broader market into account and forced the relocation of its majority. The resultant, deep-rooted negative impact on social patterns in South Africa remains clearly obvious even today, and likely will long into the foreseeable future unless traditional thinking is challenged and replaced with truly integrated planning.

I would like to thank the following people who have contributed to this study:

- Professor Mark Oranje, for his patient guidance and support.
- As this study is an outcome of my work as MBDA Chief Executive Officer, the many people who have influenced my path in its crossing; whether politicians, officials, urban planners, urban designers, architects, engineers, quantity surveyors, projects managers, or the everyday residents; not only in Nelson Mandela Bay, but also in South Africa and internationally.
- The family members and friends that supported me in attempting a project that I would not have endeavoured were it not for my incredible journey in a city that few gave any chance for urban revival.
- All those people who so generously gave of their time; participating in interviews, surveys and discussions that formed the key components of this study.

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ABSTRACT

In 2005, the city of Port Elizabeth, in the Nelson Mandela Bay Municipality (**NMBM**) of the Eastern Cape Province of South Africa, initiated an urban renewal project of its derelict city centre areas and the southern part of the old Port Elizabeth port. This, after the newly constructed Port of Ngqura, 34-kilometres north of Nelson Mandela Bay, was designed to serve as a state-of-the-art industrial port within a specially established Industrial Development Zone (**IDZ**). This has freed the existing southern part of the old Port Elizabeth port – strategically centred on the doorstep of the city – up for re-development for non-industrial purposes, effectively opening it up to retail, residential, office and tourism/leisure/entertainment development; and causing it to become an extension of the inner city.

The Urban Renewal Plan and the implementation thereof, address specific local economic growth-related factors, integrated with urban development challenges applicable to the city. Since the process began in 2005, significant progress has been made, embracing a long-term approach incrementally implemented on the basis of a well-researched overall plan. This plan is hinged on the strong foundation of in-depth, extensive market research in the retail, residential, office and tourism/leisure/entertainment sectors and aims at the creation of a strong cluster around these areas of development. The term *cluster* describes the concept of groups of inter-connected and related firms, suppliers, related industries, and specialized institutions in particular fields, uniting in particular a location to - amongst other reasons - maximise their reach, lower their costs and enhance their business *(Porter: 1990: 71).* In this study, the *cluster* concept is broadened to encompass a constellation of urban developments around and complementing retail, residential, office and tourism/leisure/entertainment business. As such, the urban renewal project becomes an important element in the Local Economic Development **(LED)** planning of Port Elizabeth.

The practical experience of traditional, rational and urban planning methodology, often conflicts with the reality of market demand - particularly in the South African case. Therefore, this study explores an alternative method for approaching urban planning, by focussing on the *bottom-up* approach, which essentially takes into account the needs of the customer – or local community – through a special purpose vehicle: a fresh, alternative approach to urban renewal that still makes a positive contribution to local economic development.

The Mandela Bay Development Agency (**MBDA**) – a separate company formed by the NMBM to manage the redevelopment of the city – strategy embraced an interventionist approach to urban renewal as an alternative framework for encouraging overall development in a particular urban node. The cornerstone of the MBDA's urban renewal approach is an overarching philosophy of "private sector investment following public sector infrastructure investment" *(MBDA: 2010: 2).* This research is the result of a long-standing interaction between theory, praxis and reflection. Experiences of practical implementation have been framed by the MBDA project over a five year period and build the case-study presented.

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Urban planning and urban renewal are used in a pro-active, action-orientated manner, to achieve sustainable, competitive LED through the development of a viable multi-purpose, non-industrial retail and leisure cluster in Port Elizabeth.

Port Elizabeth is still known as the *Friendly City*. This epithet originated from an effective tourism marketing campaign in the eighties, but as a true description, has become somewhat diminished by the urban decay of the past twenty years. The *Friendly City* concept refers to a city that presents a healthy mix of work, housing and leisure – a combination of lifestyle offerings that no longer really exist in Port Elizabeth. However, through interventionary initiatives such as the MBDA's Urban Renewal Plan, this situation is likely to change as a result of catalytic urban developments.

Port Elizabeth was built on an internationally competitive motor manufacturing and industrial cluster, but had few other major industries. As such, the creation of an innovative urban renewal cluster was critical for the diversification of its economy – not only from a local economic perspective, but also from a national and international competitiveness point of view. It is the general feeling amongst city planners, economists and industrialists that the current industrial base of Port Elizabeth is not sufficient and that a more diversified economy would have the potential to improve the domestic and global competitiveness of the city. This interaction between the dual goals of economic and urban development, produces far-reaching effects on the discourses of urban management and planning, as the two compete and converge to push development forward.

Diversification is, however, not an easy endeavour. Considerations around growth-related objectives on planning demands – a shift from the rational, linear and government-based structure of urban management, to an interactive governance of planning and development – where integrated urban and economic strategies inter-play with planning and implementation, has become important in the creation of a more diversified economy. In Port Elizabeth, this approach is referred to as an "alternative method" of urban planning: An approach that involves a process of guided development through a collaborative bottom-up engagement, involving local government, public participation and the private sector. The alternative method of urban planning is further reinforced by the current economic recession, which is, and will continue to, change property development and its response to the needs of the market for the foreseeable future. The solution to urban renewal does not only lie in well-targeted, well-researched public-sector infrastructure investment (that responds strongly to the market and customer needs), but in a joint participatory process that ensures that the final design of infrastructure projects is the outcome of what the market requires, as a means to ensure sustainability and the biggest possible response in private sector investment.

Because of global economic forces, the functional and developmental structure of the neighbourhood – where the epicentre of the growth system is situated – has become of paramount significance. This thesis attempts to demonstrate how urban renewal and the redevelopment of designated, formally idle city buildings and public spaces may serve as a site for the creation of an urban growth node or urban cluster.

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A key focus of this study is how new economic and social growth based structures can be induced to integrate with the process of urban redevelopment. Further demonstrated is that the agenda for urban management, illuminated in the light of the described practices, conducts a fundamental re-appraisal in its local economic development context.

Local economic development has been lauded as the saviour of development at a local level in South Africa. LED, however, has by no means utilized the required level of property development pragmatism and has thus, throughout the duration of its approach, not culminated in specific sustainable, capital-driven projects – which is probably one of the reasons for its overall market failure in South Africa and Port Elizabeth. LED has therefore become an outdated economic approach that leaves in its wake, the necessity and opportunity for a fundamental change. Urban renewal and the city's economic contribution to LED, requires a completely new conceptualisation of urban renewal in its narrow sense, and urban design and planning in its broader sense.

Concepts such as *redevelopment* and *urban renewal* are frequently used in planning discourse. *Redevelopment* is understood to encompass actions of clearing (such as slum clearance), reorganising or reconstruction. *Renewal* signifies rebirth, breaking new ground or innovatively refashioning; a form of re-growing or bringing new and more prolific life. In this thesis, reference is made to *urban renewal* as an attempt to influence social and economic forces in a desired direction, integrated with planning and development. It re-conceptualises redevelopment as more than a matter of reconstructing an urban arrangement.

These concepts are often used in line with the new governance-based style of urban planning, such as guided development, development planning and efforts for enabling the feasibility thereof. This thesis attempts to clarify under what conditions redevelopment is unified with social and economic regeneration. Its approach intends to scrutinise regional strategies, urban management and urban planning to generate an understanding of the urban environment as it relates to growth issues.

Many growth-related discourses are discussed in terms of development and innovation. The grammar of this process, when unified with urban development, is referred to as a Dynamic Place Initiative (**DPI**). In the DPI, issues of feasibility (enablement) are unified in formal government, planning and implementation, restricted to a specific bounded area.

The core focus of interest in this thesis is not primarily concerned with architecture and urban design, but rather with the principles of how the process may be implemented as a leverage tool to encourage a range of factors to interact with government agents in an LED-orientated field of action. This field includes not only the built infrastructure, but also the inherent economic and social targets that come with such infrastructure. This thesis discusses economic and innovation theory, as a method of understanding urban development, yet should be understood as an analysis of urban renewal and urban planning.

The MBDA case study is a *brownfield* (redeveloped/renovated) development within an economic cluster of retail, residential, office and tourism/leisure/entertainment. The MBDA uses *greenfield* (new) development to complement urban renewal and systems of innovation

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that endeavour to meet customer needs. The development case aims to focus on its customer (or local community) needs in an all-encompassing approach. Specifically, this includes *guided development* - a process using well-defined urban design briefs that ensures urban designs are complementary in their overall impact and culminate in a *dynamic place initiative*.

The situation in Port Elizabeth is not unique. On account of global forces of industrial transformation, many countries have, and continue to, find themselves struggling with the renewal of large and redundant inner urban areas that were formerly used for industry and logistics. A typical challenge in this type of context for renewal is to design development schemes that will encourage economic growth and revitalisation within these areas. Although planning, construction and development are systematically methodical activities, economic and social regeneration are more complex.

Due to the on-going transformation of the economy in South Africa, the urban context is under constant pressure to change in tandem with pressurised demand for change. The driving forces in the economy are progressing from a nation-orientated and raw-material-based production origin, which formed the industrial society, to a global, regional and information-orientated urban growth-based structure.

The condition of cities has become one of the qualities – or a prominent part of the overall quality – of this so-called *knowledge economy*. The urban environment, the territorially bounded areas which comprise it and the conditions of the environment within which it exists, are important factors for competitiveness, at both a city and regional level. Observed in reverse, competitiveness has also become a critical factor in achieving complex urban change from a new perspective of economic growth.

Cities are the engines of regional and national growth. The economic success of cities and CBDs in South Africa is vital and will effectively ensure the much-needed upgrading of CBD and township infrastructure, using the revenue streams generated during city-centred economic revival. In South Africa (and likely elsewhere in the world), urban renewal is not only about aesthetics, but also about providing a foundation for urban planning, functional architecture and LED. In situations where cities undertake the urban renewal of redundant areas and buildings, economic competitiveness is foremost on the agenda.

In order to understand how the forces of production and growth are linked with urban development, it is important to consider the new growth-orientated context for planning. An awareness of these changes and their trends, expressed as a *paradigm shift*, is reflected in the current discussions concerning the revision of urban planning in South Africa. This specifically targets integration between the previously disadvantaged communities and the advantaged communities.

The *Strategic Spatial Implementation Framework* ***(SSIF)*** *(2005)****,*** often referred to as the "Master Plan" of the MBDA, is an interventionist plan to ensure that the urban renewal infrastructure programme has well-researched projects with a strong catalytic impact leading

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to private sector investment and that thus secure the highest possible economic multiplier impact.

Over the past four years, extensive capital has been deployed in Port Elizabeth's urban infrastructure to lay the foundation for an enabling environment for private sector investment that will culminate in mobilising people to live, work and play in the city again. Public participation and market research have shown that the demand for residential, office, retail and tourism/leisure/entertainment will be directed largely by the black population; more specifically, the "black diamond" middle class anticipated to dominate the future Port Elizabeth economy *(MBDA: 2010).*

It was the initial infrastructure programme in the CBD – which included projects that co-depended or linked up with one another, to form a collective whole – which lifted the inner city to another level. It is these urban projects that culminated in renewed interest in the city, inter-linking this interest with the retail, residential, office and tourism/leisure/entertainment customer needs of the city.

In most European countries, as in the case of South Africa, urban planning is in the process of transformation, from being a method for regulation and control into becoming a channel for possibilities and enabling development at local level. It is common cause that society needs to be more involved in a city's planning processes. Tax payers now increasingly demand the use of government funds for infrastructure and the improvement of public areas and open spaces.

In the 1980s, the liberal alternative to meet the shortage of tax money was to rely on private investment for urban development. The society used its organisational and planning capacity to encourage market investment through public-private partnerships **(PPPs).** This strategy is viable in situations where the level of financial risk is low or where conditions are reasonably predictable. Private actors refrain from investment in complex settings where the returns are projected to be far ahead in the future. In South Africa, this is often perceived as a degree of business fatigue; particularly in respect of public-private partnerships. Urban development through private sector investment requires leadership. This can come in the form of the pre-creation of an enabling environment, i.e. extensive publicly funded basic urban infrastructure investment.

Consequently, the urban context requires development to a level where investment can be motivated by core business economic reasoning. In short, other than making social and political sense, urban planning must adhere to financial and economic sense.

The society is an important actor and one that has far-sighted motives. In Port Elizabeth, as in the case of many other municipalities, the revenue pool drawn from rates and taxes is simply insufficient to meet the demands of society. The Dynamic Place Initiative represents an alternative that unifies the advantages of the two previous planning discourses. Through a limited agency – such as the MBDA – positioned to guide urban development, the city is enabled to form advanced, politically-set strategies and at the same time, isolate the financial risk through the response of private sector investment.

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It should be emphasised that the private sector enters the realm of urban development through property actions guided by the planning system. Planning questions ought to be based around the *there and then* rather than the *here and now*. The MBDA has become a conduit for dealing with these systems gaps, ensuring that urban and port planning is not limited in focus but speaks to customer needs and makes financial and economic sense.

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ACRONYMS AND ABBREVIATIONS

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AIVP	-	Association of Internationale Villes Ports (International Association of Cities and Ports)
ANC	-	African National Congress
BRT	-	Bus Rapid Transport System
CBD	-	Central Business District
CBO	-	Community Based Organisations
CHDDA	-	Customs House Docks Development Authority
CTICC	-	Cape Town International Convention Centre
DBSA	-	Development Bank of Southern Africa
DFA	-	Development Facilitation Act (Act 67 of 1995)
DPI	-	Dynamic Place Initiative
ECDC	-	Eastern Cape Development Corporation
EPWP	-	Expanded Public Works Programme
GDP	-	Gross Domestic Product
GEDA	-	Gauteng Economic Development Agency
GTZ	-	Deutsche Gesellschaft fur Technische Zusammenarbeit
IDC	-	Industrial Development Corporation
IDP	-	Integrated Development Plan
IDZ	-	Industrial Development Zone
IEM	-	Integrated Environmental Management
IFSC	-	International Financial Services Centre
ISoCaRP	-	International Society of City and Regional Planners
LAED	-	Local Area Economic Development Framework
LED	-	Local Economic Development
LEED	-	Local Economic and Employment Development

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LSDF	-	Local Spatial Development Framework
MBDA	-	Mandela Bay Development Agency
MFMA	-	Municipal Finance Management Act (Act 56 of 2003)
MSDF	-	Metropolitan Spatial Development Framework
NAFCOC	-	National African Federated Chamber of Commerce
NGO	-	Non-Governmental Organisation
NMBM	-	Nelson Mandela Bay Municipality (which include the city of Port Elizabeth, Uitenhage and Despatch). **Note:** In the thesis reference is made to the City of Port Elizabeth, the subject of the study, and the NMBM, the office name of the wider Municipality
NPA	-	National Ports Authority
NSDP	-	National Spatial Development Perspective
OECD	-	Organisation for Economic Cooperation and Development
PERCCI	-	Port Elizabeth Regional Chamber of Commerce and Industry
PHRA	-	Heritage Resource Authority
PPP	-	Public Private Partnership
R&D	-	Research and Development
RDP	-	Reconstruction and Development Programme
RFP	-	Request for Proposal
BRT	-	Bus Rapid Transport System
SAMAD	-	South African Motor Assemblers and Distributors
SAPOA	-	South African Property Owners Association
SCA	-	Strategic Choice Approach
SDI	-	Spatial Development Initiative

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SEDA	-	Small Enterprise Development Agency
SPV	-	Special Purpose Vehicle
SSIF	-	Strategic Spatial Implementation Framework
UDZ	-	Urban Development Zone

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PART ONE

RATIONALE AND METHODOLOGY



Tourism in Govan Mbeki Avenue after the semi-pedestrianisation

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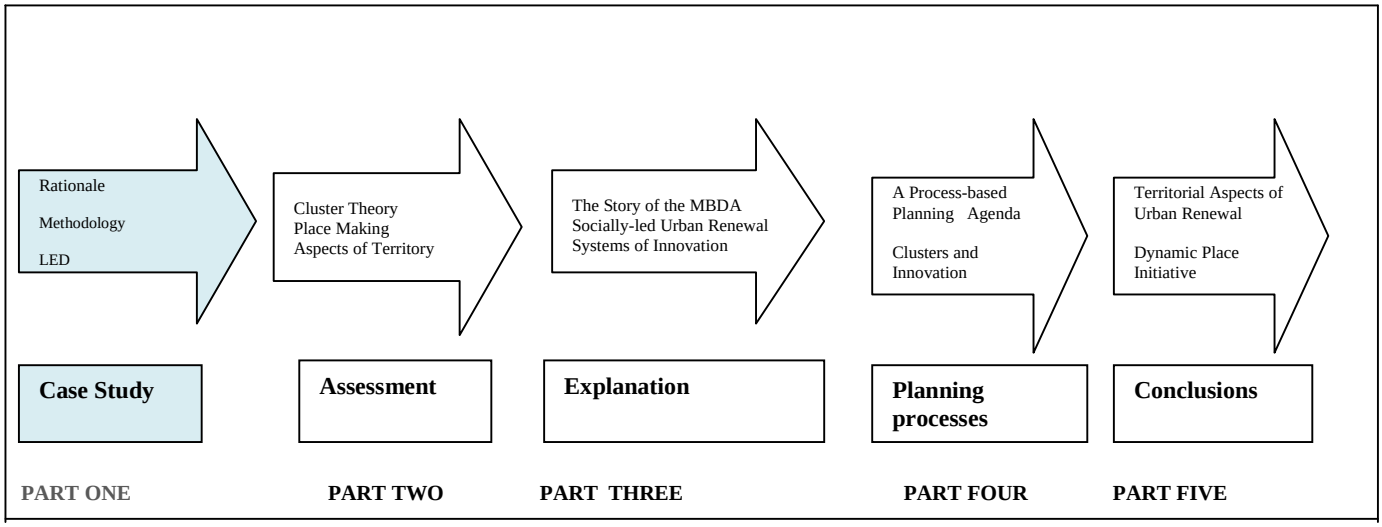
THE EMPHASIS OF PART ONE



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CHAPTER ONE

A BASIS FOR CONTRIBUTING TO ACADEMIC VALUE



The Port Elizabeth Central Business District

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1.1 Rationale for the study

This thesis is authored by the Chief Executive Officer of the MBDA (Mandela Bay Development Agency), whose personal background is in economics. It reflects on an experience of the interface where urban planning and economics meet and interact.

The MBDA was established in 2003, to regenerate and revolutionize Port Elizabeth, a city that suffered under the negative impact of factory closures, decentralization and the pressure of an influx of job seekers from rural areas, searching for employment in the metropolitan centre.

The change of government in 1994, not only resulted in a new democracy, but also spurred a significant, rapid and radical transformation of local government, urban management and urban planning. The political and social transformations during the nineties were largely influenced, propelled and redirected by socio-political changes as well as a number of emerging international trends with regard to urban planning and management *(Harrison: 2002: 172).* Traditional urban planning was clearly not equipped for the new economics that emerged after 1994. A planning system that was mostly geared for a minority was suddenly required to cater for a majority – and this shift had a major impact on urban planners, local authority managers, officials and politicians. Apartheid-period traditional planning – rigid and western – was suddenly under huge pressure, as it battled adaptation to the new developmental-type planning required under the new Constitution. So much of what planners deal with is material and tangible; such as infrastructure, technology, plans and documents – which are elements in ongoing negotiations that aspire to outcomes pertaining to the enmeshed value systems in politics and legislation *(Odendaal: 2011:5).* In the diverse South African context (and possibly even internationally) the reach for an urban planner on this basis is limited and the rational planning outcome often lies in rational stakeholder relations and communication.

The industrial backbone of Port Elizabeth and surrounding areas has its roots in motor manufacturing, motor-related industry and the wool industry. Fluctuating international economic demand for the products of these industries has proven to be volatile and the city's economy has always been prone to external market shocks. With the decline in the key components of the city's economy – decentralization, urbanization, a lack of parking and an increase in crime and grime – the city centre dipped into a state of dilapidation; many of its buildings left to stand empty. This caused a cycle of economic decline and capital flight resulting from the initial economic setbacks. Subsequent and further urban decay culminated in derelict 'brownfield' areas with many neglected parts of the city degraded to little more than a ghost-town facade. The necessity for an interventionist approach to revolutionize urban planning was clearer than ever before.

Post-democracy rendered traditional planning methods incapable of coping, as the requirement to accommodate the phenomenon of decentralization and population influx, increased. The transformation process was plainly escaping the capacity of urban planners, managers and politicians. A different approach to urban planning was required: one that would be *bottom-up*, designed to address community needs, and not *top-down* or government dictated; the latter being the means of urban planning in South Africa prior to 1994. The new approach also had to be made with a strong

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economic rationale in direct response to the local economic development **(LED)** needs of the city.

Other than the need to find a new approach to planning, it was apparent that the institutional capacity to implement such a new approach to planning was lacking. The problem not only necessitated a new method for planning that would address the needs of Port Elizabeth's broad customer base, but also the designation of an institutional capacity that could deliver on the newly identified urban planning requirements and contribute to competitive LED. The institution that emerged was the MBDA.

Through community involvement and participation, the MBDA established a new approach: in the interests of environmental management and sustainable development; strategic planning; on the growing relationship between urban planning, urban management and municipal affairs; and on the growing need for planning to respond to the needs of the customer – the local community.

In summation, this thesis addresses the following research question: ***How can urban renewal through a different approach to urban planning in the city of Port Elizabeth, contribute to competitive LED and; what mechanism can be identified to achieve a bottom-up approach for urban renewal?***

This thesis analyses the need for urban renewal in Port Elizabeth, the shortcomings of urban planning to achieve urban renewal that will be constructive to competitive LED, and the mechanisms through which such development can be achieved. It sets out to explore the needs of the customer from a bottom-up urban planning perspective in order to identify mechanisms that can assist in the implementation of an urban planning approach that would directly respond to the urban planning needs identified.

Through the triangulation method, which uses participant-observation, interviews and perception surveys, this study is presented in a narrative format through the vision of the key driver of urban renewal in Port Elizabeth, the MBDA. It is through this organization by which urban renewal has become a prominent feature in the revival of a city previously crippled by urban decay. The lessons hence learned not only contribute to a knowledge base, but also to the debate around a more relevant form of urban planning in South Africa that will respond to the needs of transformation, an understanding of sustainable LED and of the mechanisms that may be used to achieve more relevant urban planning that facilitates economic growth. The approach subsequently aspires to benefit other local authorities, urban planners and officials with development and transformation dilemmas experienced on an everyday basis.

In the development of a Master Plan for the urban renewal turnaround of the city of Port Elizabeth, it emerged that urban planners do not always have the necessary regard for the market, or the community, and the economic needs of those they seek to serve. It is this 'gap' between urban planning and market research (i.e. responding to the economic needs of the customer) that inspired this study.

The value of this thesis lies in the narrative itself and the experience presented by the narrative. The lessons learned during the process not only contribute to a knowledge base, but also to the overall understanding of urban planning and of the necessity for

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urban planning to respond to the local economy of a particular city. The experience also shows that development agencies can play a vital role in such urban planning interventions to ensure that urban planning addresses the needs of the market.

1.2 The scope of the study

The city of Port Elizabeth, otherwise known as the *Friendly City*, in the Eastern Cape Province of South Africa, has initiated a major regeneration project of its derelict city areas and of the southern part of the old Port Elizabeth port. The high-tech, deep sea Port of Ngqura has been built 34 kilometers north of Port Elizabeth and serves as an industrial port within an IDZ. This implies that the old port of Port Elizabeth – and more particularly, the southern part of the port – will be re-developed for non-industrial purposes which will include retail, residential, office and tourism/leisure/entertainment development. The plans for this development address specific and growth-related aspects integrated with the CBD urban development issues applicable to the city.

The strategy of the MBDA – as a special purpose vehicle company formed by the city of Port Elizabeth – initiated an interventionist approach to activate the redevelopment of the southern part of the port in conjunction with the regeneration of the CBD. The MBDA is regarded by investors, politicians and officials as an innovative cluster developer, critical for domestic and international competition. This intersection between economic and urban prerequisites for development produces far-reaching effects on the discourse of urban management and planning.

The experience in Port Elizabeth has shown that urban planning does not always demonstrate sufficient consideration for the growth-related objectives it aims to achieve. Post-apartheid planning only for a minority showed that a new approach was required that would comprise of a shift from the rational, western, linear and government-based structure of urban management toward interactive planning and development. The latter permits a balanced inter-play between an integrated urban and economic strategy, and the function of planning and implementation.

The city of Port Elizabeth refers to the local government in the form of the municipal, political and administrative organization of Port Elizabeth, Uitenhage and Despatch, officially now known as Nelson Mandela Bay.

Due to global economic forces, the functional and developmental structure of the neighbourhood – the place where central pivot of the growth system is orientated – has become of paramount significance. This thesis aims to demonstrate how urban renewal and the redevelopment of a formally redundant locale may serve as a venue for the creation of a competitive urban growth node through a fresh approach to urban planning. The thesis focuses on how new economic and social growth based structures may be induced to integrate with the process of urban redevelopment. It will further demonstrate that the agenda for urban management, viewed in the light of the described practices, undergoes a fundamental re-appraisal in its LED context.

LED has been lauded as the saviour of development at local level. The approach to date, however, has never demonstrated the required pragmatism to culminate in

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specific sustainable capital-driven projects. LED has therefore become an outdated economic approach that requires a fundamental change *(Nel and Rogersen: 2004:10).*

In review of a wide range of South African and international literature, the concept of revitalizing decayed city centres through planned development is commonly referred to as redevelopment and urban renewal or regeneration. *Redevelopment* is perceived to conceptualize that concerned with clearing (such as slum clearance or recycling old building for different uses), reorganizing or reconstruction. *Regeneration* is idealized as giving birth, breaking new ground or refashioning. *Renewal* is used to denote the concept of restoring life to decayed areas and buildings. In the chapters that follow, reference is made to *regeneration* as an attempt to influence social and economic forces in a desired direction, integrated with planning and development. *Redevelopment* is referenced as being more than a matter of reconstruction of an urban structure. This thesis will mostly refer to urban renewal/regeneration.

These notions of urban renewal/regeneration are often used in line with a new governance based style of urban planning, such as guided development *(Nel: 2001:12,)* development planning *(Nel and Rogerson: 2004:13)*, and efforts for enabling *(Rogerson: 2000:41).* In this thesis, an attempt is made to clarify under what conditions environmental redevelopment is unified with social and economic regeneration. Using the context of the MBDA case study, the approach intends to assess regional LED strategies, urban planning and urban renewal to understand the urban environment as it relates to growth issues.

Growth-related discourses are discussed in terms of trusted development and innovation. The grammar of this process when unified with urban development is referred to as a *Dynamic Place Initiative* ***(*DPI).** In the DPI, issues of governance and enablement are unified in formal government, planning and implementation, restricted to the bounded area of a specific place.

The case study presented follows the bottom-up urban planning approach of the MBDA as the city of Port Elizabeth's appointed development agency. This thesis' research is the result of a long-standing interaction between practice and reflection, of which the practice has largely been framed by the MBDA project over a period of six years.

The core focus of interest in this thesis is not primarily concerned with architecture and urban design, but rather with the principles of how the urban planning approach in urban renewal may be used as a tool to encourage a range of stakeholders and factors to interact with a development agency in a common growth-orientated purpose. This field includes not only the built infrastructure, but also the inherent economic and social targets. Urban planning will be discussed with a bottom-up approach responding to the market aimed at LED impact, as a way to understand urban development. This thesis should be considered a dissertation on urban management, public planning and workspace design - where references to related sciences serve as a necessary background - and as a contribution to new knowledge concerning the conditions for focused urban development. The thesis demonstrates a departure from traditional, linear planning and addresses the very diverse nature of the South African economy, where the gap between advantaged and disadvantaged is one of the most prominent in the world. It works towards a form of flexible planning.

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Traditional planning in South Africa was carried out to reduce possibilities and flexibilities and, by land use planning and other law based planning activities, strived to control development to the extreme, often for political Apartheid motivations. Planning in more normal circumstances should transform from a public-controlled comprehensive activity to project-based changes controlled by public private partnerships *(Zoete and Spit: 2002:12). Zoete and Spit (2002)* focus on land use planning and the change from pro-active to re-active public planning and development that is focused on individual projects. Flexible regional planning is not one comprehensive linear process, but comprised of an assortment of competing processes related to different interwoven challenges, stakeholders and areas that require a form of coordination to function properly.

1.3 The case of the MBDA as an initiative for urban renewal research

The emphasis among international development agencies is now shifting from infrastructure construction to institutional development and capacity building, alongside a renewed interest in enterprise development as an engine of local economic growth. Brought to fore in the spotlight of this emphasis have been: Flexible institutional coalitions, involving local as well as regional and national stakeholders; public-private partnerships, involving both the commercial and community sectors; participatory program planning and management; demand-driven service delivery; and the creation of an enabling institutional and policy environment.

From a local government perspective, a variety of institutional frameworks can contribute to spatially integrated and multi-sector approaches and be adapted to incorporate more participatory decision-making structures. These may include regional and city development agencies. Given that local areas constitute wider regional and national realities, there appears to be a need for effective horizontal coordination between local institutions and stakeholders and for vertical coordination with different levels of government on the policy, technical and financial spheres *(Wandschneider: 2004: 6).*

From the beginning of 2005, the projects of the MBDA have placed an emphasis on stimulating core business interest as an input for strategic urban development, expressed via the development of a cluster around the CBD and the southern part of the port. This shift in thinking was appropriate for a further research effort, aiming toward deepening the understanding of the formative urban processes. The use of the word *cluster* as a description of a new urban context is very close to the author's interest concerning the links between socio-economic forces and urban development.

When established in 2004 to initiate urban renewal in Port Elizabeth, the institutional conditions serving the development of the MBDA were outlined. The role of the Agency was idealized to have an interventionist approach with a core focus of bridging the gap between LED and urban planning. This would all take place within the respective aspects of urban governance.

The MBDA case is relevant for studies illustrating the links between large-scale economic changes and corresponding large-scale urban development. In Port Elizabeth, particularly in its CBD, industry is an increasingly vital factor for future

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international and domestic competitiveness. Several corporations and institutions have expressed this belief, *inter alia* Volkswagen, General Motors, Cadbury, Goodyear, Shatterprufe and Continental Tyre, all of which have their South African head offices in the Port Elizabeth area. The response of industry to the urban renewal initiative of the MBDA has reflected an interest in the connection between urban management and urban environments, an approach that formed the basis for this thesis' case study.

1.4 The development context and the case study

This thesis addresses how Port Elizabeth acts together with its partners, specifically the Industrial Development Corporation (**IDC**), to support growth and facilitate the interaction between formal governmental functions in the range of private and semi-private actors. The cause of such action has been to fulfill goals that are outside the reach of traditional planning processes and the normal bureaucratic structures of the Nelson Mandela Bay Municipality (**NMBM**), comprising the city of Port Elizabeth and two smaller towns, Uitenhage and Despatch.

The situational position of Port Elizabeth is not unique. Owing to global forces of industrial transformation, many countries have struggled with the regeneration of large and redundant inner urban areas formerly used for industry and logistics. In the case of Port Elizabeth, it is the relocation of industrial elements to the new Port of Ngqura that created the compulsion to recreate and finance a new urban system in all its complexity within a limited period of time. A general challenge in such situations is to formulate development schemes that will encourage economic growth. Although reasonably, planning, construction and development are systematically methodical activities, economic and social regeneration are more complex.

Many initiatives have been transferred to partnerships between the public and the private sector, given the need to source funding outside of ratepayer pockets. This part-transfer of urban initiative to private actors decreases political influence over core processes of social and economic regeneration. For the City of Nelson Mandela Bay, the MBDA combines strategic urban action, property development and growth objectives in a new institutional structure; a structure aimed at integrating urban planning, development and privatization.

The subject of municipal and state land is at present playing a crucial role in this regard. The Municipal Finance Management Act (Act 56 of 2003) (**MFMA**), stipulates that municipal and state land may only be developed in a Public Private Partnership (**PPP**) if it is not used for community purposes. This adapted structure for forming partnerships with a diverse group of private actors, suggests a resurgence of interest in reintegrating planning and socio-economic processes, framed by a bounded area. The integrated focus on generative processes and the built structure illustrates a novel approach that consciously uses the urban process as a tool to enable economic growth and social welfare, financed through the market place, but under the governance objectives of the representative democracy.

The integration between growth and urban regeneration, as practiced by the MBDA, has far-reaching implications in the process of urban management, which may only be possible to grasp with a thorough study of an example where these features are

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obviously at work. Understanding this, the author has chosen a single case to study, rather than conducting multiple case studies, which should be based on the comparison of features between different environments with similar characteristics.

The author has elected to mirror the case study in related theoretical fields of urban planning, economics and innovation. A deeper understanding of the critical parameters of urban-based conditions for LED is created through a discussion of how these different discourses are related to the observed urban planning approach of the MBDA. Frames of reference are carried between growth-related fields of knowledge and discourses of planning. This theory-based triangulation emerges as a new discourse – the *Dynamic Place Initiative*.

1.5 The overall objective and the structure of the analysis

This thesis investigates how urban renewal through a bottom-up urban planning process, that responds to the needs of the market place, may serve as a tool for the creation of a nationally and internationally competitive urban growth node consisting of dynamic places to live, work and play. It discusses the conditions for LED growth and the implications on the planning and institutional structures for urban development. ***Figure 1*** demonstrates diagrammatically the overall objective of this study, that is - how a special purpose vehicle captures the needs of the market place to create a mechanism that forms a bridge between traditional urban planning on the one hand and the creation of an urban renewal driven competitive LED cluster on the other. The eventual creation of an urban renewal LED cluster is the result of a market informed planning process that feeds back into what the demands of the customer are.

This thesis seeks to demonstrate how economically competitive, dynamic places are created through a bottom-up urban renewal approach through a special purpose vehicle. Dynamic places are achieved through catalytic public sector investment in urban renewal infrastructure projects, which in turn leads to private sector investment, to form a competitive urban renewal cluster.

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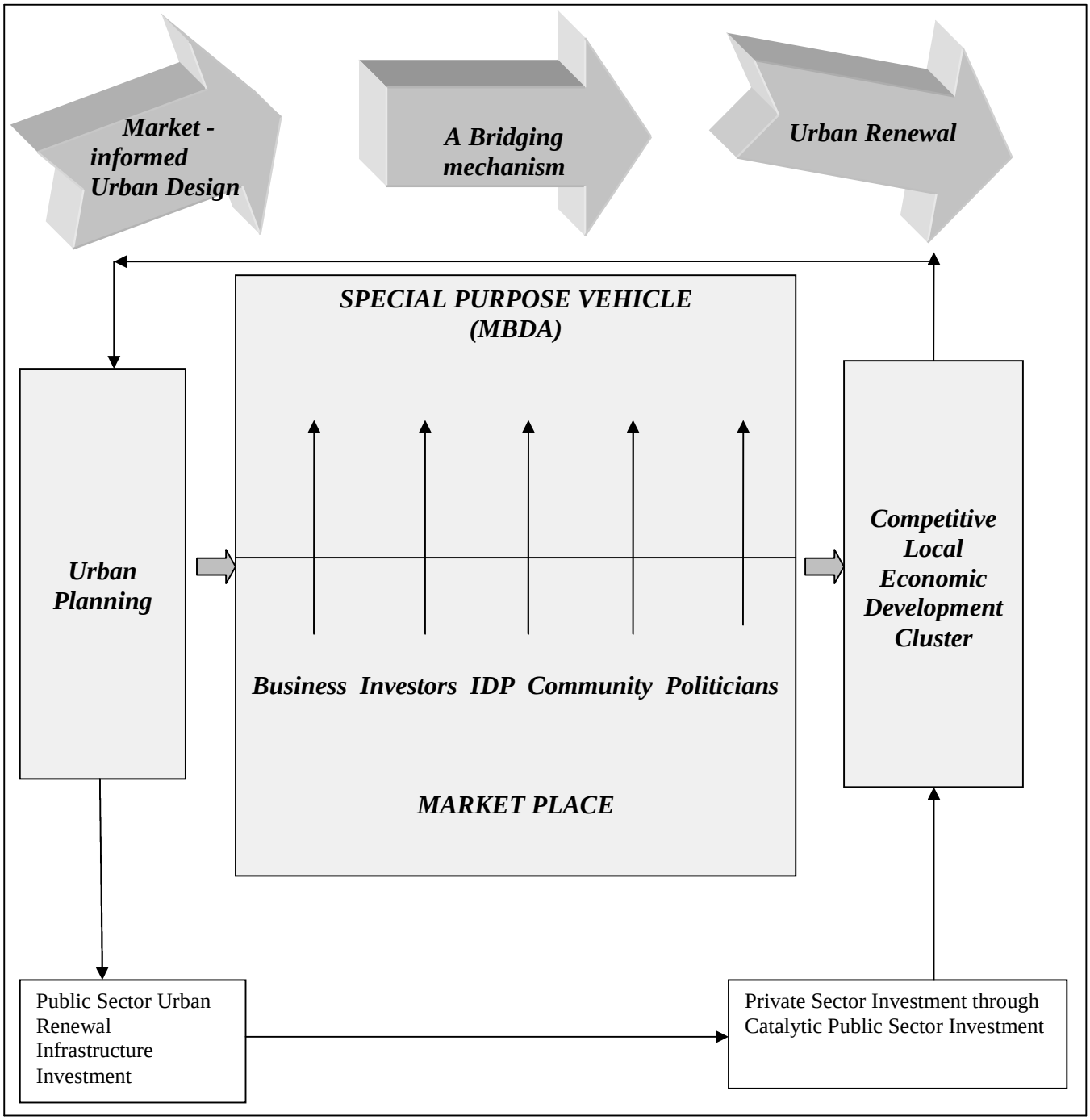
Figure 1: The overall objective of the study: A market driven urban renewal cluster



Although the work of the MBDA is the point of initiation, the intention is to gain a general understanding of how different parties interact with each other concerning the creation of a globally competitive urban growth node. This study describes a process where planning, development and construction are used as integrated tools in a place-related process to encourage a sustainable and social economic life. In this study, the case is discussed in the context of several disparate discourses and in relevance for the understanding of the action. The presentation of these discourses does not aim at a thorough analysis; these discussions, however, are addressed as an overarching

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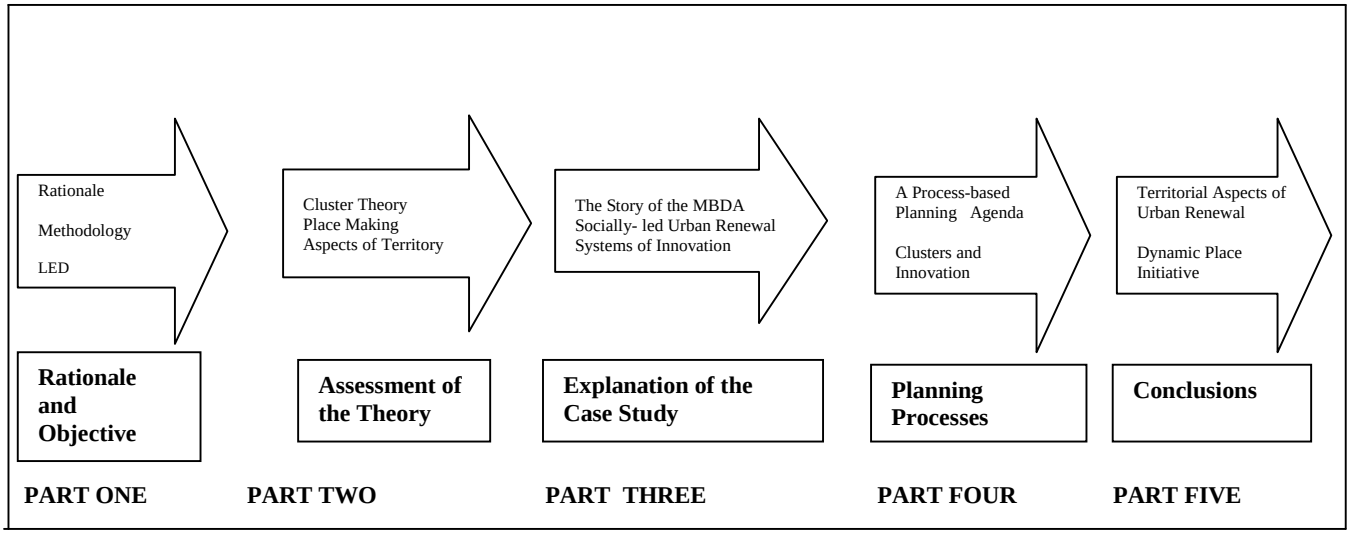
reference for the understanding of refined enabling conditions for successful development.

Examples of standard planning procedure, for example – discourses that address brownfield regeneration *(Hoyle, Pinder and Husain: 1998)* – indicate that practices often lack a viable approach to accommodate user needs in terms of economic growth. One has to delve into the fields of cluster theory *(Porter: 1990)* and from there into innovation *(Lundvall: 1992, Etzkowitz: 1997, Uhlin, Rangnes and Synnevag: 2000)* in order to find platforms for these discussions.

These discourses all point to the conditions of the local *place* as part of their explanation. Further discussions concerning an operative agenda, where the aspects of place are integrated with economic and organizational action, are required. With this in mind, planners have reason to investigate new fields of knowledge, so that they may partake in the creation of growth agendas. The interaction between planning and these fields of knowledge produces new or complementary planning strategies and practices, identified as the *Dynamic Place Initiative* (**DPI**) in this thesis. The consequences of DPI on planning institutional settings for urban development are also explained. The analysis introduces the conditions for change that are connected with the DPI. ***Figure 2*** outlines the intended structure of the analysis.

Figure 2: The structure of the intended analysis



1.6 Using the MBDA as a platform for research

This thesis is also an assessment of opportunities for a more organized, ongoing co-operation between research and practice in order to elucidate applied methods for urban development.

The research project and its study articulate the role of the city of Port Elizabeth's development agency and how it addresses strategy, planning, implementation and finance within the frame of the urban development context of the MBDA.

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This thesis though, is a critical evaluation of how a custom-built institutional body interacts with ordinary systems of governance in Port Elizabeth, with the market and the public as users of the *Friendly City*. The concluding discussion concerning the possible future implications of the new institutional and methodological settings of the overall context of its urban development is the result of opinions raised within the Port Elizabeth political, business and professional environment.

This thesis explores the interaction between formative growth forces within the industry and the development of the urban environment, rather than to adopt a pure urban planning and design approach. The objective is to further understand the interaction between management for the stimulation of collective entrepreneurial behaviour and economic growth - an important goal for the NMBM - and how such management is used as a strategic factor for successful regeneration of the built environment.

In the formulation of the MBDA's **SSIF**; or Strategic Spatial Implementation Framework (an interventionist, well-researched Master Plan type study completed by a group of consultants under the leadership of GAPP Architects), it was established that the communication gap between the professionals responsible for municipal-based initiatives for economic development and those that undertake the planning and development of the built environment, is a draw-back in situations where integrated urban and economic development is the chosen approach.

By confronting the theoretical studies with the actual cases, it was obvious that successfully reformed step-by-step, iterative and integrated planning and development processes used in practice depend heavily on a need for creating a learning context. The accomplishment of urban renewal depends upon attracting business to re-establish itself and self-perpetuate in some form or another in the CBD, while at the same time creating a higher degree of domestic and international competitiveness.

1.7 The overall thesis approach

The thesis is based on a chain of participant observations, questionnaires and surveys. It begins with a study rationale and objective, outlining the methodology used assessing LED; followed by a theoretical overview, discussing the MBDA as a case study; in succession with the planning processes employed by the MBDA and lessons learned regarding the links between urban renewal and economic development. Subsequently, these discussions address planning and place development, culminating in a conclusion which elucidates the institutional conditions for enabling and directing urban renewal with a growth-based planning agenda.

The thesis consists of five parts.

Part 1: Rationale and objective

- Outlines a rationale for the study
- Addresses the methodology used as well as the scientific context within which the work has been conducted
- Discusses local economic development

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Part 2: Assessment of the theory

- Provides an overview of the theoretical aspects, including the *cluster theory*, *place making* and the aspect of territory
- Investigates the discourse around innovation and *triple helix*

Part 3: The case study

- The story of the MBDA and the practices of urban regeneration
- Socially-led urban renewal and systems of innovation

Part 4: Planning processes

- A process-based planning agenda
- Clusters and innovation

Part 5: Conclusion

- Discusses the territorial aspects of urban renewal
- Dynamic Place Initiative - a form of urban renewal and local economic development

The core line of focus throughout this thesis is on how urban renewal can be a key contributor to a successful LED programme. Where the traditional cluster approach is based on the competitiveness of the firm, this *cluster approach* is adapted to urban renewal and LED in a city or region.

The political, economic and social changes in South Africa that followed the 1994 democratic election, can only be described as phenomenal. Urban planning became a crucial element in the process of economic development for millions of new entrants into the political, economic and social sphere and it was quite apparent that urban planning needed to undergo a process of change to adapt to new circumstances. One cannot go so far as to say that it was (or is) a crisis, but it certainly challenged the traditional urban planning methods in South Africa. The journey of the MBDA is an interventionist mechanism to take in hand the challenge of local economic development with a strong urban renewal premise. *Jackson (1976: 230)* writes that a serious challenge or crisis in a country or region, "always brings with it new 'positional' policy; that is, new units are set up, departments reorganized, contingency plans organized, personnel re-assigned, etc. This positional policy affects future government behavior both in crisis and in normal policy making. Thus, the crisis spills over into other policy fields". Simultaneous urban renewal and local economic development within an urban planning environment is a complex issue and needs to be addressed in an appropriately specific way. It is in so doing that the MBDA is not only making a contribution in the city of Port Elizabeth, but also in South Africa and even internationally.

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CHAPTER TWO

METHODOLOGY



Vuyisili Mini Square - the old Market Square - and the City Hall

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2.1 Planning practice and planning theory

A key question in assessing planning theory is whether planning theory can contribute to post-apartheid planning practice. The criticism of traditional urban planning and its relevance in the modern market place seems to be an international phenomenon and not only a South African problem. *Campbell and Fainstein (1996:4)* describe that planning is, "…a messy, contentious affair and that planning theory should provide the means to address planning debates and understand the deeper roots thereof". *Campbell and Fainstein* go as far as to state that, "…planning theory is a slippery subject and that explanations are often tautological or disappointingly pedestrian" *(Campbell and Fainstein:1996:2).* Planning's theoretical base cannot easily be drawn from its tools of analysis *(Campbell and Fainstein:1996:2).*

Frequently, development goals are not realized in practice *(Cornelius and Cilliers: 2012: 3).* Development goals in South Africa are often reached, "…theoretically, but....practice reveals a different story…" *(Cornelius and Cilliers: 2012: 3).*

Shove and Walker, state that, "…significant movement towards sustainability is likely to involve new expectations and understandings of everyday life and different forms of consumption and practice" *(2010:471). Shove and Walker* view the elements of practice more as ingredients than fields or domains, such as institutions and economy. They perceive the ingredients of practice as, forms of bodily activities, mental activities, things and their use, background knowledge in the form of understanding, know-how and notions of competence, states of emotion and motivational knowledge *(2010: 476).*

There emerges a need for planning to seek solutions in practice rather than in theory. This thesis – through observation and experience in planning practice, interviews and perception surveys – is an attempt to draw useful practical experiential knowledge at a different level of planning and to identify a mechanism to implement such an approach.

Planning in South Africa prior to 1994 utilized a very western, linear approach. This approach came under huge pressure as the post-apartheid governance conducted planning in context of the need to integrate the first and third worlds within the borders of South Africa. It battled with issues such as diversity, culture and elements of the modern and rural. Post-1994 planning in South Africa is a contentious field of study where traditional planning theory is slowly beginning to play a secondary role, and the need of the customer is emerging to play the primary role. If urban planning theory is to be of real use to planning practitioners in modern times, it needs to address the needs of the market place – a capacity that can never be enabled without acquiring the lessons learned through practice. A contribution to planning in South Africa is not always of value in the planning theory thereof, but in what transpires in its practice.

Planning in the western world was dominated by rational planning models well-suited for circumstances in the United States of America and the United Kingdom. It was formulated through reason and the application of experience. It over-emphasized the scientific, autocratic, undemocratic and top-down approach to planning (as very much practiced in South Africa prior to 1994 and also thereafter) and had little regard for the needs of the market place (which requires a bottom-up approach). In South Africa, use of such methodology resulted in a rigidity that was not suitable for the planning requirements of a country that had a sophisticated, western-orientated minority and a poor, underdeveloped

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majority that required integration. Even in the western world, the rational planning model came under increasing pressure as it could not respond to needs of the market place.

Due to the lack of rational planning models relevant to the needs of the diverse South African society, urban planning began to impact negatively on LED owing to that it did not adequately address the social development needs of a broad integration of pre-and post-1994 South Africa. What was needed was for planning to orientate more around social issues, which in turn would have a positive outward impact on LED. Planning had to reflect a degree of community participation and reflect the emerging social awareness of a modern South Africa.

Even in the Apartheid era, calls were made for a *people approach* to planning. *Coetzee (1989:88)*, points out that, "…the traditional development planning approach did not succeed in bringing about sufficient insight into the mechanisms, dynamism, initiatives or creative stimulation underlying the overall socio-economic and political processes..." *Taylor (1994:81)* illustrates that a central feature of community participation is its ability to identify phenomena in local conditions which can assist the development process. This ability can be seen to originate in negative critical analysis of the modernization approach.

The needs of the customer and the impact of urban planning on the community are required to be a constant driver. Urban planning not only needs to have a positive impact in the immediate environment of the customer, but also on the broader region. Experience of this type of planning and its impact on the region appears to be skimpy, often stopping at the upper ends of a goal's hierarchy *(Stuart: 1976:125).* Therefore, citizen participation as a mechanism for introducing the evaluation of local impacts of urban plans may indeed serve as an important function in the regional planning process *(Stuart: 1976:133).*

Although planning ideology places an importance on public participation and a bottom-up approach, this priority has not in actuality been attributed its rightful place in the practice of planning in South Africa. Democracy is not always well-comprehended and incrementally realized.

Public participation can take different forms, all with different implications for governance. The traditional channels of public participation are local ward committees, stakeholder consultative forums, wider political discussions and the setting of petitions, but unconventional participation is often found in more direct forms of action, such as through demonstration or a rates boycott. A 2008 survey of conventional political participation shows that Nelson Mandela Bay's voting turnout is the highest in South Africa, however it also detected a scepticism in respect of voter satisfaction *(Cities Network: State of the Cities Report: 2011:133).* More than 52% of voters in South Africa are skeptical about the impact of planning consultation on decision-making and feel largely excluded *(Cities Network: 2011:134.).*

This thesis is an attempt to demonstrate how a bottom-up approach in Port Elizabeth, by means of a special purpose vehicle, was used to bridge the gaps between traditional, western, rational type planning with planning that reflected the needs of the market place and contributed to LED.

Healey (1996:234) discusses the "communicative turn in planning theory", explaining that the technical and administrative theories advocated and created to pursue planning goals in

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the past, are now perceived a narrow scientific rationalism. As *Healey (1996:235)* described, a progression; a move in emphasis was required - from material analyses of options for LED exposed to global competitiveness, to concerns with culture, consciousness, community and placeness.

In the eighties, public participation in planning and a bottom-up approach were the result of a new social awareness and the spread of democracy during the decade. *Thomas (1995:18)* explained that, "the new focus on public participation came from the public administration theorists that emphasised the role of the community in administration". The constituency for traditional planning, in the opinion of *Kaufman and Harvey (1996:328),* is that it is too narrow. They stress the need to bring people into the planning process and that more diverse participation will lead to more insightful and responsive planning. *Darke (2000:387)* elaborates that participation in planning can span a spectrum of consultation and debate – where the public is engaged in discussion, but has no right to dictate policy (politics) – towards more direct forms of decision making regarding planning and environmental issues (government top-down approach).

2.2 A framework for analysis: Using Port Elizabeth and the MBDA as a case study

A framework is presented that will guide the analysis in the following chapters.

This thesis' case study uses the work of the MBDA, as an implementation vehicle in urban renewal through a different approach to urban planning geared to have a positive impact on sustainable LED. The case study has been conducted by an active participation in, and observation of, the process of briefing, planning and development of the urban renewal cluster in the CBD of Port Elizabeth.

This thesis has been adopted from the platform of the Strategic Spacial Development Framework **(SSIF**), prepared by the MBDA. This SSIF, presently converted into a legally adopted Local Spatial Development Framework (**LSDF**), formed the platform for the urban renewal process in Port Elizabeth, including the initiation (conception to completion) and implementation of infrastructure projects. The purpose of these infrastructure projects was to create a platform and a catalyst for private sector investment in redundant buildings and dilapidated areas situated around upgraded areas.

The research role throughout the development of the SSIF, included a recording and questioning participation process to determine the needs of the customer. This could possibly have influenced decisions that were taken, but not necessarily directly. The aim was to provide clarity and a conceptual framework through relating the customer-needs research with planning theory and practice.

The thesis' case study is focused on the period from August 2004 to June 2010 when the urban brief for the initiation of the infrastructure cluster was prepared and implemented. The case study focuses on three key components, i.e. the different bottom-up approach to urban planning in the urban renewal process in Port Elizabeth, the key driver of sustainable and competitive LED and the establishment of a separate company to drive the approach.

The author's position as Chief Executive Officer of the MBDA enabled a deep and practical understanding of the concepts of urban renewal and the mechanisms created to bridge the gap between urban planning/design and economic development.

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Although the thesis only examines a single case, it is its position that the case's patterns are generic and observable only by investigating its situation from the perspective of a place, rather than being restricted by different disciplinary fields or by governmental institutional competence.

Throughout this thesis, a deeper understanding of the case emerged parallel with the author's participation in a number of national and international forums, via frequent face-to-face interviews and discussions with key persons. Such key persons are *inter alia* the chairperson of the MDBA Board of Directors, architects, urban designers, politicians, officials and opinion makers in other cities – including Liverpool and Newcastle in the United Kingdom, Johannesburg and Cape Town amongst others. Such people are or were not only in charge of the actual planning task in cities visited, but also in a position to comment. The questions in these interviews were mainly open and the conversations were characterized by candidness and trust.

The interviews were governed by an attempt to gain understanding of the "latest" developments regarding issues under discussion. These interviews form the backbone of this thesis' research. The information obtained has been supplemented with other observations from seminars and working groups, nationally and internationally and by studying sketches, construction plans, suggestions, academic papers and articles.

2.3 The data triangulation research methodology

The preceding paragraphs and sections in this thesis demonstrate that – together with a communicative turn in planning, the emerging focus on people and a bottom-up approach – the field of urban planning has undergone a transformation. Urban planning prompted new debates and a need for alternative methodology to conduct, manage and apply urban planning. Planning has become increasingly concerned with social sciences. Planners have begun to adopt qualitative methods and are beginning to rely less on traditional, rigid planning theories – so often based on empirical testing and far removed from the diverse society we live in – particularly in South Africa. In the context of the complicated South African society, traditional planning has lost some of its value and relevance. Although it uses scientific techniques, it is with diminishing regularity that the outcome is able to contribute to a diverse society and economy.

With the communicative turn in planning, the need has arisen to adopt a new study of practice that focuses on human action and the necessity of response to the needs of the market. *Flyvbjerg (1998:7)* writes that the world of planning is poorly equipped to deal with the relationship between the ideal and the reality of everyday life. The planning language we use to understand as reality, is often characterized by fragmentation. It is necessary to assess what people really do and not only what they *say* they do or their stated reasons for doing it and to focus on practice, rather than discourse and theory *(Flyvbjerg: 1998:8).*

This thesis attempts to provide a planning tool that has the capacity to reflect the practical needs of the customer. It is an effort to collate the experience of everyday practitioners, working towards making urban planning a strong LED tool.

Triangulation is advocated in the philosophical tradition of post-positivism *(Ma and Norwich: 2007:213*.) It was initially developed in the context of quantitative data analysis. Its

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purpose was to increase the validity of a study by seeking the degree of agreement in the investigation outcome by the use of multiple methods and measurement procedures *(Ma and Norwich: 2007:214*).

The thesis is the culmination through triangulation of interviews, observation, surveys, readings and company documentation over a period of five years (2005 – 2010). It includes a description of *how* this data was approached, assembled and then condensed to make a contribution of academic value.

According to *Ma and Norwich (2007),* there are a number of important elements that make data triangulation very applicable to research within a "change management environment", such as urban renewal. These are:

- The academic analysis needs to be recognized;
- It should allow the researcher to begin the interpretation process during data collection;
- It is of maximum use when dealing with qualitative data gathered by participative observation, face-to-face interaction (semi-structured or structured interviews), case study material and document sources;
- The researcher is not able to hide poor quality work behind impressive techniques; and
- The quality of the final product depends more on the quality of the researcher's understanding than with other methods.

Based on the work of *Ma and Norwich: 2007*, the study follows a specific approach, i.e.:

- Getting started – a definition of the research focus;
- Selecting a case study – also using a selection of national and international company case studies;
- Crafting instruments and protocols – the triangulation made possible by this multiple data collection method provides stronger substantiation of constructs and hypotheses;
- Entering the field – overlapping data analysis with data collection gives the researchers a head start in analysis and allows them to take advantage of flexible data collection;
- Analyzing data – analyzing the data is the heart of building theory from case studies. It is also both the most difficult and least codified part of the process;
- Shaping hypotheses – once available, data from the research study is collected and analyzed and the process of developing and shaping the hypothesis begins;
- Enfolding literature – comparing emergent theories or hypotheses with existing literature; and
- Reaching closure – when to stop adding cases (saturation) and when to stop iterating between theory and data.

This style of research enables the researcher to develop grounded theories that are both practical and relevant; inferences on causal relationships can be made with more validity due to the longer term observations available; comparative case studies allow for clarification of "multiple conjectural causation" *(Bamford:2008:4);* it provides a broad environmental picture (holistic patterns) of phenomena in real world settings; and, it is a primary data

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collection tool that can be used to triangulate findings with other tools and techniques that are rigid and structured. Data triangulation is disadvantageous though, when compared to qualitative research methodologies on two major issues, i.e. replicability and external validity *(Bamford: 2008:4).*

It is the *richness* of the data collected that makes data triangulation effective; it is a *tale* being told.

The observations made in the thesis' case study, are made explicit, considered and conceptualized by comparing them with a range of scientific fields. Studying a case from many different perspectives is a way to triangulate information and concepts. Triangulation embraces an approach where the case is examined in the light of a range of circumstances - all from different methodological standpoints *(Gillham: 2000:13).*

Studying a case from different theoretical standpoints is called *theory triangulation* - as opposed to *data triangulation* or *researcher triangulation*, where several researchers study the same case.

In this thesis, the cluster case of the upgrade of the CBD of Port Elizabeth is triangulated against different theory fields. The first and most obvious direction is to relate the case with contemporary discourses of urban renewal in brownfield areas. These discourses do not explicitly relate to the urban case with growth theories - an issue of major concern for the MBDA – but relate also in the contexts of urbanization and the demand on social housing in Port Elizabeth (and generically, any other South African city or city in an emerging third world economy).

Because of the associated ideas of a clustering-related case study, it was a naturally successive step to investigate how these theories relate to place. Cluster theory is closely connected to innovation (or rather, environmental conditions conducive to the enabling and cultivating of innovation), which naturally leads to the *triple helix theory* – wherein a spiral model of innovation is required to capture multiple reciprocal linkages at different stages of the capitalization of knowledge. Basic qualities in these systems are relational, crossing boundaries of organizations as well as competence zones. Innovation addresses both the conditions of complexity and place.

It follows from the discussions thus far that the governance of complex systems within the frames of the bounded local area, is of paramount interest to the case study of this thesis. Subsequent to the address thereof, the discussion returns to the field of urban management and place-related governance for integrated urban, economic and social development.

Studies on the nature of places, stemmed from by innovation and growth, show that principles of how they were "created" are far from obvious. Many attempts that are "planned" around the world tend to be more associated with failures than to success *(Castells and Hall: 1994).* Places that have an innovative record are complex and grow in an organic way, rather than being "constructed". The territory is always in focus together with technology and organization. The relational qualities are, however, critical to these kinds of environments *(Storper: 1997: 193).*

Successful planning is integrated within the fieldwork conducted and initiated and developed around the theme of a cluster. One field of practice, when mirrored against the case, has

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given the input for the field that follows it - an unbroken chain of "evidence" for the intimate connection between discourses of economic growth and place development is presented *(Storper: 1997: 195).*

2.4 The case study and a practical research methodology

Observing a specific case study through participation, perception surveys and interviews, inevitably draws a strong reference to history.

Leedy (1994:5) outlines the character of research and *inter alia* explaining that: research begins with a question in the mind of the researcher; research requires a research plan; research requires a clear statement of the problem; research deals with the main problem through sub-problems; and research seeks direction through appropriate hypotheses.

This thesis, being mainly a case study, is also influenced by "action research" due to the rich interaction of management functions in the study of organizations *(Gillham: 2000: 4). Action research* is an attempt to bridge academic research and practical work in order to make a difference in organizations on the basis of research findings and research processes and activities. The case study offers the opportunity to examine practical planning practice, its role in LED and the implementation of a bottom-up approach.

Gillham (2000:5) describes that the naturalistic style of case study research is a legitimate method of inquiry that makes it appropriate to study human phenomena in the lifeworld. The qualitative methods used, enable the researcher to source the root of the problem or research question, whereas more traditional methods, such as the conducting of experiments, are either impractical or ethically unjustifiable. Case study research is a process of gaining practical wisdom in real life situations. Through a number of methods, it has the ability to cover a wide range of contextual conditions, through multiple sources of evidence *(Gillham: 2000:13).*

Fricke (2002:2) bears witness that social science research has become a tool amongst several in the restructuring of a region, from traditional industry, to a modern knowledge-based economy. The democratization of work life, enhanced participation, and development of regional industrial networks, clusters and similar structures are strategic for the development of new industrial policies.

Fricke elaborates that in a knowledge based society, theory is perceived as an *active force*, enabling the formulation of new ideas. Theory is not only what is printed in scholarly journals and books, but is what takes place amidst social debates and action. Thereby, theoretical practice and action are closely connected and mutually dependent.

In the case of the MBDA, effective assessment is attributed to insider/outsider research, where individuals working inside the studied organization co-operate with researchers outside of the organization functioning to jointly examine the locale. This kind of team-based action research provides detailed knowledge and insight into the day-to-day practices of the studied organization, as well as analytical rigor. In contrast, insider and the outsider are each capable of criticizing and questioning beliefs that are taken for granted by the other. The models subsequently offer a potential of exchange prospects between members of the studied organization and the academic research group. In this way theory enforces practice and practice reinforces and refines theory. Thus, theory and practice are co-evolutionary forms of knowing, rather than opposing.

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Greenwood (2002) argues that the split between theory and practice may be overcome by theorizing through successive cycles of combined reflection and action. Then, "…action research is not about imposing expert knowledge on stakeholders, but about creating collaborative environments where research experts and local stakeholders can share their very different kinds of knowledge in a process of analyzing their problems" *(Greenwood:2002:127).*

The case study is the preferred strategy when causal relationships are established, multiple sources of evidence are used, and the investigator has little or no control over events.

Gillham (2000:1) perceives a *case* as a unit of human activity embedded in the real world, which can only be studied or understood within its context that exists in the here-and-now and merges with said context so that precise boundaries are difficult to draw. The case study investigation answers specific research questions that may be fairly loose to begin with. It seeks a range of different forms of evidence which are, "...there in the case setting…to be extracted and collated to get the best possible answers to the research questions" *(Gillham:2000:10).*

Another fundamental characteristic distinguishable of this type of research is that the case study does not initiate with *a priori* theoretically accepted wisdom; because until one encapsulates fully their own data and gains understanding of its context, it is not possible to discern what theories (explanations) work best or make the most sense. The theories or explanations, which make the most sense, will emerge when the researcher is able to formulate his / her own data and understand the context of the study. The first stage of a case study is to review the context from which the research questions are generated and the means of investigating them, after which likely explanations will / may emerge. This adherence to and concern with *process* can be fundamental for discerning what needs doing to cause change; this termed an *interventionist approach*. Case study research uses qualitative data to give meaning to the results in an attempt to explore the significance of processes that lead to outcomes, to focus on the importance of context, to shape behaviour, and to search for contextual evidence *(Gillham:2000:16).*

The approach proposes that in a case study, questions have a tendency to emerge and may change radically as the researcher gains understanding of the context. Therefore, it is important to frame the research direction in the form of questions that are capable of being answered within the research setting. Thus, the central concern of the case study is the collection and study of multiple forms of evidence, in sufficient detail to achieve understanding.

Overall, the research methodology in the case study of this thesis is defined by the aforementioned characteristics. The research has fulfilled the role of a forum for discussion between academic theorists and practitioners towards creating a deeper understanding of a complex matter of social, economic and urban change. The MBDA was required to fulfill different roles that were new and uninfluenced by experience of prior action. The research process was a part of the development of new knowledge reflecting a new situation, enabling new ideas to be set up in practice - particularly in those components of the project aimed at social action and eventual socio-economic impact.

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The insider/outsider role was apparent in this case study's situation. Discussions and findings in the field were regularly drawn into the academic arena through development forums. This resulted in a process which allowed for reflection, deconstruction and deepened understanding through a broader field of experiences. These discussions and findings with the new reflective insight gained would then be reintroduced to the discussion domain between the researcher and the field advisor and meetings with the entire group.

Such a research process can be described as successive cycles of reflection and action. The research is a collaborative effort to interpret the situation and to draw mutually acceptable ways to describe it.

The complicated webs of silent knowledge expressed in practice illustrate the complexity of action. Through reflection, a new reality can be recognized that may not previously have been perceived or understood. Consequentially, the research is based largely in practice, reflected in theory and interpreted in light of the influence of theory on practice.

With this thesis' case study, the triangulation research method led to a broad scanning and in-depth analysis of the views and experiences of what works and what does not work. It emanated from interviews and work experiences with a number of planning-related practitioners in Port Elizabeth, South Africa and also internationally. Many of the ideas and comments extracted are quoted and many others have found their expression in the experience and the story shared in the subsequent chapters.

All the interviews were physical person-to-person interactions within an occupational setting or conducted through physical person-to-person interviews. This included visits to Marseilles, Dublin, London, Newcastle, Liverpool, Auckland, Wellington, Johannesburg, Cape Town and other cities.

Three methods were selected: Observing and participating in an urban renewal experience; conducting a survey through questionnaires to determine the impact of the urban renewal process followed; and interviews with a range of technical experts (in South Africa and abroad), business people, politicians, community members and investors.

Observing and participating in an experience

The thesis was not only inspired by the perceived gap between rational, linear type urban planning and the social needs of two societies – an advantaged minority and a disadvantaged majority slowly integrating – but also by the first-hand experience in the development of an urban planning approach aimed at addressing the social and market views of the full customer spectrum.

The researcher was positioned in the middle of the case study's setting and in an excellent position to quietly observe an urban renewal process for addressing the needs of the market and to be able to assert a small participant role in the evolving process. Through the observation of an experience through participation, one is able to accurately describe its dynamics in terms of *why* a certain approach is chosen. Observation of an experience through participation capacitates one with the opportunity to view a process from the inside - a process wherein the value of observation is gained through studies, processes and relationships between different parties aiming to achieve a common goal. In other words; to conduct planning in such a manner that is applicable to the market place and that in the

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process contributes actively to LED. The objective here, being to extract practical truths from everyday experience. As Chief Executive Officer of the vehicle acting as the means to a different, market/customer based approach to urban planning and design, the researcher not only played a participative role in this case study, but was also required to be attentive to what the market dictated regarding how to drive urban planning and design to "speak" to the identified needs of the customer. The author, therefore, observed through participation on the outside, but consistently worked towards a different method of urban planning from the inside. It should be noted that working *on the inside* did not present the problem that the participant risked becoming subjective and biased in what should ideally be a neutral and objective participation. This risk was averted by means of the "horizontal" management structure at the Mandela Bay Development Agency, which ensures that the plan, project and process of developments are not driven by only one person, but by collective debate and decision making.

Questionnaires

Following the completion of two urban renewal infrastructure projects, a 2009 perception survey was completed to test the impact of the two developments. Perception surveys have not only become important to test the response of residents and business owners to "soft" projects (such as security and cleansing) and "hard" infrastructure projects, but also for testing the response of the property investor to the interventions.

The perception survey questionnaires were developed by the author in his capacity as Chief Executive Officer, while the MBDA's management team and local students assumed responsibility for completion of the questionnaires through door-to-door personal interviews.

The projects surveyed included the environmental upgrade and semi-pedestrianization of the Port Elizabeth CBD's main thoroughfare, Govan Mbeki Avenue and the semi-pedestrianization of Parliament Street; a former entertainment precinct that fell into a state of urban decay, as well as a private security and cleansing contract. The survey, which was completed amongst residents (residents inside – 140 completed questionnaires – and residents outside of the target area – 40 completed questionnaires) and businesses (150 completed questionnaires), did not only relate the impact on stress levels, but also the local economic impact in terms of Gross Domestic Product **(GDP)** and employment. The business survey included 35 questions that related to stress levels and local economic impact. The residents' survey included 15 questions to out-of-area residents and 30 questions to residents inside the researched area. The local students employed to complete the questionnaires, did so by interactively putting the questions to the interviewees. The person-to-person questioning resulted in a thorough response from interviewees and all responses were captured on a Microsoft Access system from where conclusions were drawn from the data captured.

The questionnaire approach had some short comings in that the responses from businesses and residents, which were directly affected by the urban renewal projects (i.e. being in the target area), were more positive than those not directly affected by the changes (i.e. residents outside the area).

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Interviews

Around 70 interviews were conducted with a range of opinion makers, politicians, technical experts and business people to verify points of view and processes followed. These interviews were conducted in Port Elizabeth, the wider South Africa and internationally during visits to Marseilles, Dublin, Newcastle, Wellington, London, Amsterdam and Auckland. A concerted effort was made with each interviewee to ensure an open and candid interview process, to explain the purpose of the interview and to gain an honest reflection on urban planning and its future role in practice.

The primary objective of the **interviews** was to determine what would make a positive contribution through urban planning, to LED. The **surveys** were conducted to ascertain whether the urban planning and design bottom-up methods that were implemented actually led to a positive impact on LED.

The questionnaires follow in **Annexure A, B and C** and the survey results follow in **Annexure D**. **Annexure E** shows the precincts in which the survey was conducted.

The interview process provided insight into an alternative approach to planning to meet specific market demands. The survey provided an indication of the local economic development impact of the specific urban designs assessed.

The questionnaires were developed in such a way that questioning was open-ended. Interviewees clearly understood the reason for being interviewed as questions centralized around the core of the MBDA work completed.

Other than the questionnaires, a wide range of other interviews were conducted, locally and abroad. These included interviews with employees of the MBDA, consultants, politicians, professionals in the field of urban planning and design and a number of other role players affiliated to the process. As stated before, specific comments from interviewees were included in the study, whether they were of a critical nature or supportive of a specific point made.

Questions during the interview process included:

Technical experts, for example planners and engineers:

- Is urban planning responding to the needs of the market place?
- Is urban planning functional, i.e. does it create competitive urban places?
- Does urban planning respond to the needs of the investor / property developer?
- What informs call for design proposals i.e. is market research done prior to the call for design proposals?
- Is the outcome of urban planning, urban design and the implementation of infrastructure projects tested to determine their responsiveness to the needs of the customer, its contribution to GDP, employment and the rates base?
- Are planners conscious of the economics of their planning actions?
- If planning is not responding to the needs of the market, what mechanisms can be put in place to rectify the perceived gaps between urban planning and its responsiveness to the market place?

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Investors:

- Are property developers conscious of the social impact of projects or is profit the main aim?
- In South Africa, are property developers taking the social disparities into account or is a "western" way of property development still followed?
- Are the briefing documents used by local government providing sufficient guidance of what should or should not be done?
- What caused the capital flight from South African central business districts?
- What needs to be done to restore investor confidence in central business district areas?
- What are the biggest stumbling blocks in getting decayed brownfield areas redeveloped?

Politicians:

- Is the urban planning agenda in Port Elizabeth and South Africa working against the social and economic transformation needs?
- If so, what is causing it?
- How can the perceived gap between urban planning and the needs of the market be bridged?
- Is the perceived gap one of experience, the lack of streamlined institutional capacity or both?
- Are politicians averse to a private sector orientated company - implementing projects on behalf of the local government, in which the local government has the majority shareholding - to drive urban renewal and implement the full spectrum from concept to completion?

The analysis use of the study data, outcomes and views

With the outcome of the observations, interviews and survey data, it becomes a challenge to analyze the data captured in a format enabled to add academic value.

The body of knowledge that is extracted from the different research methods, i.e. observations, surveys and interviews, contributes to grounded theory inductively; it is a theory that is grounded in the evidence obtained through different research tools *(Gillham: 2000).* The building of grounded theory is also associated with the weaving of the multiple sources of evidence in a narrative *(Gillham: 2000: 94).*

The main query in this thesis is not into *how* things should be done, but as to *why* things are as they are. The ultimate aim of the process of forming a theory is to achieve generalizable additions to knowledge, or new knowledge which could contribute to the development of new theory *(Gillham: 2000:15).* The purpose of the thesis is not to construct a new grand theory, but to present new perspectives on phenomena related to urban planning and on the response of these to the market place. The thesis aims to expose an experience that may be of benefit to other planners in South African municipalities and perhaps even internationally. Sharing this newly acquired knowledge can prevent repetition of the very mistakes urban planners seek to correct. It can thwart certain legacies from being reinforced or continued and create new ones that could remain relevant in the long term.

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The thesis' observations, interviews and survey data, utilized a very practical rationale and were not based on theory. In fact, it should be observed that these research tools criticized urban planning theory and that the data they captured more or less resulted in an outcome contradictory of theoretical practice. This contradiction of traditional urban planning theory favoured more a bottom-up approach to urban planning – appropriate against the very complicated post-1994 integration of two very different first and third world markets in South Africa and Port Elizabeth.

The objective of the observations, interviews and surveys was to blend the outcome into a narrative with an establishment of substantiation originating in the MBDA case study; its objective to provide a perspective – a different perception of urban planning. The journey that follows is an interpretation of experience of urban planning's operation in response to market needs for the achievement of positive LED.

It may be argued that the case study approach, through observation, interviews and surveys, provides a limited basis for a scientific conclusion. However, the creation of a scientific theory is not this thesis' objective. Rather, its objective is to draw practical knowledge from a specific case study and to develop an approach that can be applied in similar situations. The thesis' aim was to provide additional knowledge to a present body of knowledge around socio-economic disparity. The value forth gained is in the story of the MBDA and its role in creating a different bottom-up planning approach that ensures that urban planning responds to the needs of the market place.

2.5 The trustworthiness and integrity of the research methodology

If a study's research is not trustworthy, then its outcome, analysis and conclusions cannot contribute to a body of knowledge. As mentioned in previous sections and paragraphs, this thesis is the story of a development agency that commenced with a specific mandate. This mandate, in a once thriving area, had, due to a number of factors, become riddled with urban decay, resultant in a capital flight that had succumbed it a ghost town-like CBD. Most of the work was initiated by the MBDA story's protagonist, the agency's Chief Executive Officer, assisted and guided by a range of first-class and well-respected technical advisors. *Gillham (2000)* stipulates that, for any study to contribute to a body of knowledge, it must be credible and trustworthy.

Gillham (2000) discusses the determinants for trustworthiness of research. These determinants include: the need for the researcher to be careful of prejudices and preferences; the need for the researcher to constantly challenge and scrutinize themselves; to look to the negative, the opposite and to contradictory evidence that qualifies or complicates the emerging understanding; to focus on representativeness of data and to ensure that all the shades of the picture are covered; and lastly, to seek out the hidden evidence below the surface.

As an involved participant in this study, constant awareness of the author was reserved of the risk that the study's path could stray; to relate prejudiced information or show symptoms of subjectivity. The conducted interviews and survey results, demonstrate that any partisan views, prejudices or subjective views were neutralized. The utilization of interviews, observing and participating in the urban planning processes, and the survey completed provide what *Gillham (2000:19)* calls a "thick description" of details. This facilitates a better understanding and, -the different forms of research employed improve the trustworthiness

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and credibility of the research conducted. The triangulation method used was a process whereby multiple facets of the same phenomenon are observed.

The student has built very strong relationships with a long list of politicians, technocrats and business people, not only in Port Elizabeth, but also in South Africa and abroad. These relationships with a very reputable core of professionals further contribute to the trustworthiness of the research.

2.6 The story told – a narrative

The concept of a narrative has become an important research tool for presenting case studies *(Gillham: 2000:22).* It represents a medium for learning.

The story told in this thesis is not only about the recording of an element in a chapter of history, but about deconstructing the way urban planning has been conducted in a real life situation. It reflects a specific attitude towards and experience in urban planning in its response to the needs of the market.

A narrative conveys a real life situation with lessons learned that contribute to a greater body of knowledge. The narrative as a story in the following chapters can manifest in a valuable method for presenting a medium for a learning experience. It is also a method to deconstruct or scrutinize the significance of events, processes and the local economic impact, through the course of a different method of urban planning, in a specific city and region.

The role of the author in the narrative is not intended to be disregarded by the reader. The author was responsible for most of the initial groundwork in the establishment of a different approach to planning in Port Elizabeth. Although the thesis does not aspire to esteem the author as the key instigator of the story, his contribution to a different method of planning cannot be discounted. Furthermore, the approach adapted to urban planning is the result of the ideas and thinking of a number of key people, most of them credited in the interviewee list. The new knowledge is founded in the lessons learned in the urban planning approach adopted by the MBDA in the ongoing urban renewal process in Port Elizabeth.

Chapter 3 will scrutinize the state of LED affairs and conditions in South Africa. Urban renewal is a key component of LED. The chapter will not only assess the *status quo*, but also the reasons as to why LED has failed in South Africa. ***Chapter 3*** provides the background for a theoretical discussion of clusters, place making and aspects of territory. This overall depiction sets the scene for the story of the MBDA and of how bottom-up planning is used to achieve a state of urban renewal that enables sustainable and competitive LED, responding to the needs of a broad, diverse, but integrated society.

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CHAPTER THREE

LOCAL ECONOMIC DEVELOPMENT (LED) AND URBAN RENEWAL





The upgraded, semi-pedestrianized Govan Mbeki Avenue (the former CBD "Main Street") – before and after the upgrade

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3.1 An introduction to social transformation, urban planning and local economic development

South Africa has, without a violent revolution, boldly transformed from a colonial and white-ruled apartheid past, to a democracy full of ambition. However, this transformation over the past eighteen years has been social and economic as well as political. Every component of South African society has undergone transformation; health, education, sport, science, economic development, fiscal and monetary policy, etc. There can be little reservation that, despite the headway accomplished thus far, the social, economic and political revolution post-1994 is all-consuming and unlikely to abate for decades.

Local economic development **(LED),** as a concept in South Africa, originated in the Reconstruction and Development Programme **(RDP)** - orientated approach of the country's first democratically elected government. Up until 1994, South Africa was extensively governed at national level, whereas the approach in the new Constitution adopted a strong local government driven approach with a wide array of executive powers at local government level *(Constitution: 1996:16).* Economic development was expected to materialize at local level, in response to a traditional LED approach, but this did not transpire. The reasons for the failure of the traditional LED approach made clear the necessity for the overall philosophy of LED to undergo a complete overhaul if it was to have any of the intended sustainable economic impacts. The reasons for failure are discussed in detail in the sections to follow.

The failure of traditionally approached LED needs to be assessed against the South African regional and urban planning approach. As South Africa moved into a post-apartheid transformation, regional and urban planning was left wanting and the traditional, linear method of planning in South Africa became exposed. The pre-1994 top-down approach was never going to work in a society where integration (a bottom-up process) was the ultimate goal. Pre-1994 urban planning was not carried out in address of customer needs and did not always make economic sense. It therefore became crucial to develop a new approach to urban planning that would directly address the needs of the market. To this end, a mechanism to enable such a bottom-up approach became fundamental. Any approach to the contrary risked causing integration to regress and to instead, ultimately reinforce apartheid legacy.

It is of the utmost importance that local economic development succeeds. Bridging the gap between urban planning and market needs is a crucial element of such a process. This thesis addresses these issues in an urban renewal context –an important element in the adopted Integrated Development Plans **(IDPs)** of local governments in South Africa.

3.2 The nature of local economic development worldwide

The purpose of local economic development is to build the capacity of a defined territory; often a municipality or region, to improve its economic future and the quality of life for all of its inhabitants. This definition emerges from a consensus between global institutions, such as the World Bank, the Organisation for Economic Cooperation and Development **(OECD),**

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academics and from experienced practitioners on the ground *(Clark, Huxley and Mountford: 2010:22).*

Local economic development makes an important contribution to national economic performance and has become more critical with increased global competition, population mobility, technological advances and consequential spatial differences and imbalances. Local economic development can add to the stock of locally generated jobs and firms and increase overall public sector investment, improve the information flows with investors and developers and increase the coherence and confidence with which local economic strategy is pursued *(Clark, Huxley and Mountford: 2010:22.)*

Cities have become a focus for renewed efforts to promote local economic development. This has led to a renewed impulse for the devolution of power and authority to local governments. There is a need to *re-engineer* local governments' capabilities and leverage their assets to better compete in the internationally open and knowledge-based economy. This could mean a complete repositioning of local economy. The comparative advantages of this may include: improved alignment of strategies between the public sector and private sector partners; pace and certainty of the response to the investor; the upscale of development within a city or region; the unlocking of under-utilized assets; better linkages between property, labour and investment markets.

LED is often led or facilitated by local government. Local government is traditionally in the business of representation, service delivery and regulation, but it is a fourth function, namely development and investment, that interrelates with LED. Development and investment is a future approach and a "market-facing" activity *(Clark, Huxley and Mountford: 2010:22).* It is a vision-driven act and requires exceptional leadership skills amongst local government leaders and their partners if LED is to succeed. Such an objective may require additional expertise, new structures and new arrangements that are beyond the usual activities of local government and administration. Local government development planning and delivery should be the result of understanding and appreciating the local stakeholder network. *Blakely and Leigh (2009:15)* suggests that "economic development is an institution-building process. As a result, it requires the establishment of planning systems and institutions that can manage the local development process over an extended period of time". Local administrations may need to create development institutions and "tailor it" to local circumstances (*Blakely and Leigh: 2009:20).*

3.3 Local economic development in South Africa and Port Elizabeth

3.3.1 Defining LED

LED offers local government, the private sector, the not-for-profit sector and local companies the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing growth and ensuring that growth is inclusive. Unprecedented urbanization in the third world requires a sustainable development programme to improve the quality of urban management and foster an economically competitive environment.

The National Department of Provincial and Local Government describes LED as a programme to:

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- Facilitate job creation and job retention
- Create and sustain local economies
- Create economic growth that benefits the poor and disadvantaged
- Support rural development
- Address urban renewal
- Ensure that women participate at all levels of the economy
- Build institutions and delivery mechanisms *(DPLG:2002:11)*

According to the *World Bank (2000:1),* LED is the process by which the public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment creation. The aim is to improve the quality of life for all. A subsequent World Bank document asserts that "LED is about the local people working together to achieve sustainable growth that brings economic benefits and quality of life to all in the community, with "community" here defined as a city, town, metropolitan area or sub-national region" *(World Bank:2002:1).*

3.3.2 The LED approach

The concept of LED is currently attracting considerable attention in government and political circles in South Africa. Even though the concept is still relatively new to the country, it enjoys widespread acceptance and credibility. The LED approach acknowledges autonomy of the local government. Thus, its initiatives are to encourage local participation and consensus-building in developing economic and social welfare initiatives for the community.

It can be nominated that there are four variants of LED, which are currently in existence in South Africa, namely:

- Formal local government initiatives – which parallel traditional northern thinking and which, to a large degree, overlap with government policies on the topic as detailed in the policies
- Community-based / small town initiatives, which often develop as a result of NGO facilitation and support
- Section 21 development corporations or agencies – i.e. where a company "not for gain" operates to promote local development within a selected spatial area
- "Top down" LED in which government, usually at a provincial level and/or various national organisations, attempt to catalyse and support local initiatives *(Nel: 2001:10)*

LED is currently being initiated in variations which range from a typical northern-style urban entrepreneurial approach pursued by the major cities, to a host of community and NGO initiatives which share much in common with strategies pursued throughout the developing world. In recent years, LED has become a widely practiced development strategy in the countries of the North at both the local government and community levels. LED is less widely implemented in the South where, in most instances, it appears still to be in an incubation phase *(Nel: 2001:4).*

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LED features prominently in government development strategies. Both the Urban Development Strategy *(Urban Development Strategy of the Government of National Unity: RSA: 1995)* and the Rural Development Framework *(Rural Development Task Team: RSA: 1997)* have an LED focus. The former focuses on the provision of housing and infrastructure, public works, efficient regulation, mobilization of investment and the promotion of small businesses. The latter identifies LED as a directive for rural local governments.

A number of criteria are used in the following literature to assess LED (whether contributing to employment creation, creation of sustainable economies, the support of rural and urban development and/or the building of delivery institutions): *Nel (2002); Nel and Binns (2002); African National Congress (1994); Amin and Graham (1997); Binns and Nel (1999); Binns and Nel (2001); Blue IQ, (2001); Bremner (2000); Chipkin (2002); De Souza (2000); Harloe (2001); Mmakola (2000); Mufamadi (2001); Nel (2001); Nel and Binns (2001); Pieterse (2002); Turok (2001); Turok (1993); Turok and Watson (2001); Visser (2001); and Wakeford (2000))*. An assessment of the literature shows that it is apparent that LED initiates at a variety of levels and has the potential to assume a broad spectrum of action. Specific actions identified are: economic target identification; training; service provision; housing; and the development of periodic markets. The formation of partnerships, agricultural support, land reform, tourism and small business promotion also feature in the thesis.

Furthermore, it is important to note that LED in South Africa extends further than the confines of business and predominantly large city conceptions, which have traditionally characterized South African thinking on the topic of LED in certain quarters – for example; the business-orientated Urban Foundation (1994). In addition, there is no doubt that one needs to acknowledge the plethora of Community Based Organizations (**CBOs**) and Non-Governmental Organizations (**NGOs**), who play a central role in LED.

The MBDA fits best into the category of "section 21" LED companies. A Section 21 company is a legal company format that is used for non-profit purposes. These companies are also often referred to as state-owned enterprises or parastatals, indicating that they are positioned somewhere between the government and the private sector. Examples of parastatals at national level are South African Airways and Eskom, at provincial level, the Gauteng Economic Development Agency **(GEDA)** and at local government level, the MBDA.

Comprehension of *Nel and Binns (2002), Turok (2001), Turok (1993), Turok and Watson (2001),* and *Visser (2001),* shows that policy towards LED appears to be lacking in sustainability. Present policy tends to assume that local government, rightly or wrongly, should be the key change agent in policy development regardless of the very real difficulties which local governments face in addressing their current responsibilities, even without further commitment, i.e. an entrepreneurial economic development responsibility. Regardless of stance on the allocation of such responsibility, it cannot be disputed that local government has a fundament role to play in LED.

It needs to be borne in mind that LED is often catalyzed by a local level economic crisis, e.g. de-industrialization – or more specifically in the South African scenario, the rationalization of

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industries, such as textiles and gold mining, which has provoked area-specific responses through an employment crisis. The city of Welkom is a case in point. The downturn in the gold industry had a massive impact on the economy in Welkom resulting in many redundant properties.

The traditional focus of local government on service provision and the development of infrastructure and land have been seriously challenged *(Department of Provincial and Local Government: 2002:13.)* The frequent loss of active (mostly industrial) economic-based towns, the lack of appeal of LED to external investors and the near absence of any meaningful state development assistance for LED initiatives in South Africa make an obvious cause for the significance of LED.

The time has come in South Africa for local governments to play a key role in LED. Care however, needs to be taken not to assume that LED is the sole prerogative of local government – although this might often be the reality in some areas. As national and international experience suggests, public/private community partnerships can diversify LED initiative, draw in more stakeholders and maximize the potential success and benefits of the process. *Nel (2001:6),* explains that LED can materialise when local agencies and/or people see the initiative and engage in actions which unify communities, businesses and other relevant authorities in their local area in a joint endeavour to improve their economic and social conditions. The infrastructure projects completed and services implemented by the MBDA and the positive feedback received through surveys carried out, demonstrates that LED can be successful at a local economic level. ***Chapter 10*** and ***Annexures A – D*** further elaborate on the questionnaires and survey results.

The current vision for LED suffers from too constricted a conceptualization and strong initiative needs to be taken to enable LED to claim its rightful place at local government level.

3.3.3 Why did LED fail in South Africa?

LED in South Africa has failed due to a lack of market responsiveness and failure to use competitive business and community development interventions to address social problems *(Meyer-Stamer: 2003:45).* LED, as implemented in South Africa, has in the past remained a philosophical approach and become marginalized due to the lack of available resources, the dominance of large state interventions, the narrow conceptualization of what LED is and the fact that LED has increasingly been used by central government to shift to local government some of the responsibility for dealing with unemployment and poverty *(Meyer-Stamer: 2003:113).* The failure to adhere to the internationally recognized belief that partnership formation and collaboration is one of the most critical ingredients in LED is a further reason for its failure.

A range of literature on LED and the failure thereof in South Africa was assessed in the investigative compilation of this study. A collective assessment of literature that documents a critical analysis of LED draws a number of reasons for why LED has failed in South Africa. *Nel (2002), Nel and Binns (2002), African National Congress (1994), Amin and Graham*

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(1997), Binns and Nel (1999), Bins and Nel (2001), Blue IQ, (2001), Bremner (2000), Chipkin (2002), De Souza (2000), Harloe (2001), Mmakola (2000), Mufamadi (2001), Nel (2001), Nel and Binns (2001), Pieterse (2002), Turok (2001), Turok (1993), Turok and Watson (2001), Visser (2001) and *Wakeford (2000)* identified the following possible reasons, or a combination thereof, for the failure of LED in South Africa:

- The politicization of LED
- The lack of a LED response to market demand
- The lack of funding (i.e. local government funding and private sector funding)
- The lack of partnerships between local government, the private sector and civil society
- The lack of the creation of local economic development clusters or economic hubs
- Projects appear to move through a life-cycle which often sees the demise of once-promising endeavours
- There is a problem with grant dependence and the resulting limited sustainability of projects
- The economic aspects of the projects - such as marketing of products - are neglected
- The problem that the decentralization of powers from central government to local tier has placed huge responsibilities on local government with no capacity
- The lack of the implementation of developmental local government
- The lack of a clear understanding at local government level of what LED means
- Local governments are expected to drive LED projects, but lack appropriate capacity (*inter alia* training) and funding
- The lack of special purpose vehicles able to specifically target LED (i.e. a lack of process engineering)
- There is a clear need for more training and funding
- A very strong emphasis through rhetoric on “pro-poor”, not demonstrated in practice

Bond (2002:4) explains that one of the downfalls of LED was competition between cities to gain a bigger slice of the national budget. The term “smokestack-chasing” emerged to characterize the most ambitious attempts to “place market” a given local authority in its attempt to secure a bigger funding portion from National Treasury *(Bond 2002:8)*. New efforts towards the successful implementation of LED centre on entrepreneur-competitive strategies that emphasize the importance of local competitive advantage and job creation. Urban efficiency proponents argue that local authorities should raise productivity and create an enabling environment for conducting business and investment. Developmental LED is therefore a more productive approach than an ever-increasing competition between municipalities to gain a bigger slice of the national budget *(Bond: 2002:11)*.

In an assessment of LED in the Free State, the comment is made that, to make LED successful across South Africa, radical intervention is necessary to overcome the numerous

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backlogs identified, to use the regional strengths of an area and to build local economic development around such strengths *(HSRC, Rhodes University and Free State University:2003:49).*

Also assessing the reasons for LED failure in the Free State and possible remedies therefore, *Davies (2006:8),* states that a number of cornerstones need to be laid before there is any possibility for the successful implementation of LED in South Africa. These cornerstones include:

- Creating an enabling environment; including good governance, improved and reformed regulation, incentives for private investment and the creation of a supportive legal framework
- Creating adequate mechanisms, processes and structures which articulate local needs/local organizations and groups
- Promoting active private sector institutions and linkages, including building the capacity of private institutions, creation of local business networks and the promotion of lobbying
- Creating effective and functioning infrastructure (both hard and soft), including the identification of infrastructure gaps and promoting infrastructure maintenance
- Promoting access to integrated and open markets, including market chain integration
- Promoting access to effective and efficient support services, including an assessment of the need for services, building stakeholder convergence and the creation of networks for learning
- Promoting the management capacity of emerging entrepreneurs, including promotion of managerial competence, product innovations, marketing skills and networking

The *Department of Trade and Industry (2006:48*) makes the case that local governments have been "storing up" strategies that have not resulted in implementation. The Department recognized that for the successful implementation of LED, national support is also important. Such support could include a package of local interventions, such as the Urban Development Zones (**UDZ**) tax incentives, participatory management and empowerment, consultation with communities and the integration of policy and poverty interventions (*Department of Trade and Industry:2006:51*).

3.3.4 LED and the decentralization of development in South Africa

Throughout the world, and also more recently in the Third World, global restructuring, local dependence and competition between localities have shifted the responsibility for economic development from the central state to the local government. Decentralizing decision-making over social and economic development from national and provincial tiers of government to

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the local levels has become a hallmark of recent times, such that local government is now being charged to, "…fulfil a growing role in regulating the distribution of society's benefits and burdens" *(Visser: 2001:673).*

The implications of such a shift are particularly profound at a time which is also characterized by advancing globalization. This enhances the ability of the local authority to position itself on the world stage, to seek international investment and to act as a responsible agent in engaging with development aspirations and achievements. Also, at another level, it might be argued that the central state could be accused of divesting itself of its responsibility and shifting the burden and possible blame to lower levels of government *(Stockmayer: 1999).*

Urban renewal has become one of the key elements in the devolution of a development agenda to local government. The creation of clusters, localities or hubs through public investment has the potential to become a basis for retail, residential, office and tourism/leisure/entertainment development. Local economic development is a widely practiced strategy internationally. This trend has gained considerable ground in an era which is largely characterized by increasing decentralization. Five broad categories of such locality-based intervention by local governments have been identified according to *Nel (2001:1007).* These are:

- Financial support
- Land and building development
- Information and marketing assistance
- New planning and organisational structures
- Training and employment

Applied development initiatives have changed in nature over time in response to local, national and global economic and technological shifts *(Clarke and Gaile: 1998).* According to *Rogerson (2000),* pro-active cities are continuously repositioning themselves on the international stage to re-orientate their local economies, such that they become one or more of the following:

- Centres of production
- Centres of consumption
- Centres of information processing and corporate decision-making
- Centres for the reception of central government funds

It is not countries that become internationally or nationally competitive, but cities and their regions. In the developing world it is not the above-mentioned pro-active reorientation that is evident, but more strategies that are directed towards survival *(Binns and Nel: 1999).* In South Africa, such efforts are often referred to as *poverty alleviation.*

South Africa is a good example of a country positioned between the developed and developing worlds. The interventions indicated above and poverty alleviation often exist *cheek by jowl (Turok: 2001).*

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The multi-sector nature of LED processes poses considerable challenges, particularly in contexts characterized by centralized decision-making and limited inter-agency and inter-departmental coordination. Decentralization is regarded as a pre-condition for effective planning and conflict resolution mechanisms, adapted to local conditions *(Wandschneider: 2004:5).*

To be fair to development expectations - particularly in the context of South Africa's political and economic background - South Africa needs to follow two side-by-side approaches, that of poverty alleviation and that of a market-led approach of locality/cluster/hub development. According to *Rogerson (2001)*, such a market-led business development approach needs to dovetail with a market critical approach to community development. Such an approach requires a unique strategy with a special focus and a special purpose vehicle to implement it.

Whilst the legal and policy imperative in South Africa matches the social responsibility of promoting socially appropriate development, it is questionable whether the resources and commitment are always in place at local government level *(Nel and Binns:2002:5). Rogerson (2000:405)* comments that it is important that such provision is made for, in terms of the mandate of developmental local government. The establishment of "pro-poor" development strategies is critical and central to sustainable development as a whole, particularly in dealing with the apartheid legacy of widespread poverty.

The African National Congress' **(ANC)** Reconstruction and Development Programme **(RDP)** document indicates that local government should be a key catalyst for locally-led social and economic development *(ANC: 1994:12).* The pursuit of developmental local government began the process of taking responsibility for economic development locally, including the implementation of agreed strategies. The RDP – with a strong focus on community based development, linkage development, human capital development, infrastructure and municipal services provision, economic leak plugging and retaining/expanding local economic activity *(Bond:2001)* – was a good start, but the document lacked in an implementation strategy and an institution designated the responsibility for such a strategy's implementation. It was effective only as a blueprint and not as a practical implementation document.

It was quite apparent that government strategy was based on local government becoming an agent in facilitating market expansion's playing a key role in stimulating economic development - through investment and infrastructure. Such development would in turn act as a magnet for private investment and boost short-term economic performance. Local government is not merely the lowest tier of government, occupying a subordinate position, but rather, it is a distinctive sphere of government, occupying a unique and important position within South African society. These principles are spelled out in the Constitution *(Constitution of the Republic of South Africa, Act Number 108 of 1996),* and are reinforced in the Local Government White Paper, which states that:

> "Government in South Africa is constituted at national, provincial and local spheres of government. These three spheres are distinctive, inter-dependent and inter-related. Local government is a sphere of government in its own right and is no longer a function of national or provincial government. It is an integral

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> component of the democratic state" *(White Paper on Local Government, Department of Constitutional Development, RSA: 1998:37).*

Developmentally-orientated planning was accelerated through the 1995 Development Facilitation Act *(Development Facilitation Act, Act Number 67 of 1995: RSA),* which was passed to streamline the planning process. Further, since 2000, *(Local Government Municipal Structures Act, Act number 32 of 2000: RSA: 23)* all local governments are expected to embark upon what has been termed "integrated development planning" **(IDP**). An IDP has been defined as:

> "a participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and physical strategies, in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and empowerment of the poor and marginalised" *(Department of Provincial and Local Government:2000:15).*

IDPs have become a tool to assist municipalities in achieving their developmental mandates and to bring together various municipal functions and development objectives. Although this has been a very good point of initiation for action, experience over the last number of years has shown that municipalities have largely lacked the capacity to implement these strategies. This, as is often a case where a special purpose vehicle is required to implement what has been preached in policy and strategy.

Since 2001, National Government has been developing an "urban renewal strategy", to realise the vision of socially cohesive and stable urban communities with viable institutions, sustainable economies and universal access to social amenities*" (Department of Provincial and Local Government:2001:1).*

The three identified areas targeted in the strategy were:

- Upgrading informal settlements
- Inner city regeneration
- Old neighbourhood regeneration

A key aspect of the urban renewal strategy's approach was that the concept of the new "unicity" in South Africa enabled administrative changes after the 2000 government elections, which brought to a close the transition phase in local government and which saw a significant reduction in the number of local authorities from 843 to 294 *(Nel and Binns:2002:7).*

This represented a targeted move to combine historically privileged and disadvantaged areas under single unitary authorities, in an effort to promote the sharing of resources, cross-subsidization and the establishment of economically and administratively viable local government entities.

In this effort's process, urban renewal forms an important part of the overall strategy in that nearly 70% of the national GDP is generated by the six metropoles, which comprise 58% of

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the national urban population *(Nel and Binns 2002:7).* Cities therefore command a national focus for many key developments, decisions, investments and attempts to address the apartheid legacy.

Although admirable in policy and strategy, most of the programmes have experienced operational difficulties over the past ten years with the result that there has been little job creation achieved through state intervention or encouragement. This has led to the phenomenon of "jobless growth" with an apparent loss of a million jobs between 1990 and 2000, one of the most unfortunate features of a generally optimistic decade *(Wakeford:2000).*

Unexpected and un-assessed through the "unicity" process, is the desertion of CBDs by many white shoppers, retailers and business in cities such as Johannesburg, Port Elizabeth and Durban. This has led to a specific urgency in urban renewal – the rejuvenating of inner CBDs against the premise that, if a city dies, the region is fated to follow. This urgency demonstrates that government policy is acting responsively and is well motivated and attuned with global trends. Unfortunately, severe funding constraints and the absence of an adequate pool of skilled staff and specific project drivers are major obstructions to the implementation of developmental local governance.

3.3.5 Urban degeneration and urban regeneration/renewal

Urban decline, blight or degeneration has several definitions and meanings. It may be perceived as reflecting poor economies, characterised by dilapidated housing, inhabited by people with low levels of income and high levels of unemployment. Research shows that the characteristics of urban decline include a lack of demand for commercial occupation and high vacancies in commercial CBD buildings, failing infrastructure and the poor physical condition of the built environment, declining rental rates, inadequate public services, a perception of high crime incidence, poor public perception related to statutory municipal governance and leadership and the general existence of crime and grime. *Breger (1967: 372)* defines urban regeneration as, "a critical stage in the functional or social depreciation of real property beyond which its existing condition or use is acceptable to the community". It means that the demand for property has reached a stage of stagnation and that it no longer represents a community having reasonable value to the public.

Theories related to such decline include the Product-Life-Cycle Theory *(Lang: 2005: 4)* which postulates that each industrial product undergoes a life cycle comprised of four locationally-linked stages, namely:

- The innovative stage
- The growth or expansion stage
- The maturity stage
- The stagnation stage

This theory focuses on the effects of these stages insofar as they affect unemployment, population, political elites and urban fiscal revenues.

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To promote local economic development in an urban context, it is important to understand the causes of urban regeneration. *Engelbrecht (2003: 15)* provides a number of reasons for the regeneration of the inner city of Johannesburg. "In Johannesburg for instance, the conditions for decline were established during the 1960s as a result of planning decisions that restricted parking within central business districts, thereby greatly increasing explicit support for the establishment of new secondary urban centres, such as Randburg and Sandton, which attracted investment away from existing urban centres". *Erwin Rode* (author of the quarterly *Rode's Report* on the property market in South Africa), in an interview on 12 June 2010, referred to this as the "push-pull" effect. The establishment of secondary nodes has created a shift in consumer patterns with larger retail chains following the exodus from the CBD. The lower income population, having less access to credit and lower levels of disposable income, have remained within the urban areas. This "white flight", referring to the relocation of white collar professionals, has created a knock-on effect of a loss of agglomeration, an aging built form created by lower levels of maintenance, an increase in informal trading (street trading), a lack of a regulatory environment enforcement relating to informal traders, overcrowded and degraded residential environments (created by an increased number of lower income urban residents), a lack of municipal by-law enforcement (created by the political transformation), urban lawlessness and increased crime levels.

Hoogendoorn, et al (2008: 169) cite the issues of crime and grime and the lack of basic working infrastructural services, such as waste removal, water and crime prevention as major obstacles to the revitalization of the Bloemfontein CBD. *Buck, et al (2005: 37*), refer to the problem of "deconcentration" caused by the shift in population and firms out of the central areas to the outlying suburbs. In the European context, where city centres are characterised by high levels of city centre residential development, the shift in jobs away from the city centre has also created a move in residential usage out to the suburban areas.

In general, it is clear that the causes for urban degeneration are contained within security/crime, congestion, lack of parking, lack of municipal infrastructure, failing infrastructure, pollution, development constraints and loss of agglomeration.

Urban regeneration or urban renewal is defined by *Crouch, Fraser and Percy (2003: 15)* as, "policies that attempt to return derelict and vacant land and buildings to beneficial use, create new forms of employment, where jobs have been lost, improve the urban environment and tackle an array of social problems". From the latter one can assess that urban renewal is a key component of local economic development as it acts to reverse the loss of jobs and lack of economic growth in the local economy. *Roberts and Sykes (2000: 17)* consider that urban renewal is a comprehensive and integral vision and action that resolves urban problems and attempts to deliver a lasting environment in economic, physical, social and environmental conditions of an area that has been subject to change. Urban renewal efforts should not be short term, fragmented, *ad hoc*, or based upon a specific project. The emphasis is on developing a vision based on a detailed strategic framework. The local authority generally bears the responsibility for urban regeneration initiatives. This does not mean, however, that a local authority should be the sole driver and decision-maker in such initiatives *(Roberts and Sykes: 2000: 17).*

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Roberts and Sykes state that consensus internationally is that urban renewal requires not only a strategically designed, locally based initiative, but also a multi-sector, multi-agency partnership approach *(Roberts and Sykes: 2000: 17). Ball and Maginn (2005: 9)* describe the issue of the partnership principle as being a "near-compulsory" model, saying that urban renewal is the responsibility of all its stakeholders – statutory bodies, occupants, property owners, taxi drivers and car guards. Without a holistic approach, urban renewal cannot be a sustainable, competitive contributor to local economic development.

To be an effective driver of economic development, urban renewal should include elements such as a detailed market assessment of the area, a comprehensive strategy, based on sustainability and competitiveness and continuous monitoring of project outcomes *(Roberts and Sykes: 2000: 18). Parkinson (1996: 41)* explains that a strategic approach to urban renewal should have a clearly articulated vision and strategy, specify how projects and resources will contribute to local economic development, identify the intended beneficiaries, source public and private sector commitment, integrate vertically and horizontally, link urban renewal with other programmes such as transport and housing, establish economic, social and physical baseline conditions, have agreed milestones and engage in continuous monitoring.

Wagner, Joder and Mumphreys (1995: 206) express that the key to urban renewal includes strong public leadership, well-focussed planning concepts, the ability to respond to traumatic events, a good understanding of the existing community characteristics and a good relationship between statutory authorities. The common, primary characteristics of the above principles and strategies can be summarised in the following core principles of urban renewal, namely; committed leadership, a dynamic vision, a long term strategy, a common objective amongst all the stakeholders, sound financial backing and the full support of the relevant local authority.

Urban renewal across the world shows a number of common challenges and characteristics. In Los Angeles, which adopted an "Adaptive Re-use Ordinance", *(Bullen and Love: 2003: 353)* the overall aim was to regenerate the city and encourage the development of live/work communities by providing flexibility in terms of local authority by-laws and by stringent requirements relating to zoning conditions and building requirements. The programme also introduced financial incentives by way of reduced property taxes, similar to the Urban Development Zones **(UDZs)** in South Africa.

In Belfast, previously inwardly focussed state control and regulation of urban policy, have progressed towards local empowerment and decentralised decision-making *(Hemphill, McGreal, Berry, Watson (2005: 59)*. Partnerships involving respected and competent leaders have facilitated a "multi-faceted approach". This is the changing face of urban renewal practice over the past few decades. According to *Hemphill (2006: 63)* partners modify their own activities to comply with the objectives of the partnership as a whole, thereby enhancing the overall attainment of the regeneration objective.

In London, the term "residentialisation" refers to the introduction of more housing within the city centre *(Bromley et al: 2005: 248).* Housing was incorporated into city-centre

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regeneration policies and often was created from the adaptive re-use of offices or warehouses. The integration of residentialisation within the city centre has been shown to enhance the vitality of city centres. The inclusion of a strong residential population helps to provide 24 – hour activity and a feeling of security *(Bromley, Tallon and Thomas: 2005: 249).*

Smaller cities or towns receive less attention than larger metropolitan areas from institutional investors and politicians, despite their importance as small centres of economic, cultural and social life for the areas they serve *(Lang: 2005: 7). Rogerson (2000: 51)* states that it is now accepted that North American and European conceptions and policies concerning inner city decline may not be appropriate for informing future planning in South Africa.

Hoogendoorn, et al (2008: 159) argue that urban renewal programmes in bigger cities may be different to the urban renewal programmes required in smaller cities. *Hoogendoorn, et al (2008: 160)* state that the literature "on the specific dilemmas of inner city upgrading in non-metropolitan cities or less prominent cities is non-existent".

3.3.6 An understanding that a special emphasis on urban renewal is of paramount importance

Since the establishment in 1994 of South Africa as a democracy, local government has increasingly progressed to distinguish itself as a sphere of government capable of delivery at a local level. The facilitating amendments to legislation were drafted so as to allow local government the opportunity and sufficient autocracy to play a much more active role in responding to development backlogs, particularly in the infrastructure environment. Further, this new "ability" of local government imparted the expectation of its newly perceived competence to significantly impact on economic growth.

It is widely accepted that cities in both developed and developing countries now have to compete globally to develop their local economies if they wish to maintain or improve their global standing *(Jenkinsa and Wilkinson:2002:34).* It is particularly the larger cities in South Africa that are experiencing increased pressure to define a space for themselves in the international community through accepted place marketing and development strategies.

Amendments in legislation and new legislation post-1994, did result in new opportunities created. However, using these opportunities for local economic development is untested, misplaced and premature *(Pieterse: 2002:2).* The shortage of skills – particularly project management skills - within municipalities, has maintained their incapacity to meet the required development agenda.

Some cities, such as Cape Town, are blessed with natural attributes that enable their increased international profile and to claim their competitive place amongst South African cities and international cities. Cape Town established a special purpose vehicle in the Cape Town Partnership, a business-propelled initiative to drive urban renewal. It is common cause that the pool of skills in cities such as Johannesburg and Cape Town is much larger than in Port Elizabeth. This makes the establishment of a special purpose vehicle to drive the urban

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renewal agenda within the agenda of LED and the Integrated Development Plan of a city/region so much more important.

Even an already internationally competitive city such as Johannesburg has embarked on an elaborative urban renewal programme. Johannesburg is the best example in Africa where there are strong initiatives to match the surge for international competitiveness with poverty reduction. The concept of *world cities* was conceptualized by *Saskia Sassen* in the book, *The Global City*, which focused on London, New York and Tokyo as the apex of the world hierarchy and sought to delineate their convergence as locations for the production of advanced producer services *(Sassen:1991).*

The special focus that cities such as Cape Town and Johannesburg have placed on urban renewal is particularly evident in their visible policing and introduction of close circuit television cameras and other such strategies that have led to confident reinvestment in the city centre. A city such as Port Elizabeth needs to be much more creative and innovative to find its competitive edge(s) to assert a competitive South African and global city standing.

African cities occupy a marginal position in terms of the global economic system and urban debates. Johannesburg is classed as a world class city of secondary status. Johannesburg is often viewed as a test case of urban reconstruction *(Rogerson: 2004:15).* The city is aptly described as. "South Africa's quintessential professional, private sector city" *(Rogerson: 2004:15).*As a whole, the Johannesburg economy is perceived to mirror strongly successive waves of development and decline, which has seen the city move away from mining and industrial production towards an economy fundamentally based on services and trade as well as some high value manufacturing. *Rogerson (2004:20)* claims that Johannesburg and its approach to local economic development have shown that the world city approach has little to contribute to a methodology for working with the diversity of South African city economies.

The *Joburg 2030* framework provides a long term vision and development guidelines for the next quarter century. The framework demonstrates an overall government initiative that seeks the support of the private sector to enhance economic development prospects in the city. This approach has three main pillars: Firstly, re-aligning the manufacturing sector away from traditional heavy manufacturing and low value-added manufacturing, towards sophisticated, high value-added production activities; secondly, creating an enabling environment for the growth of knowledge-based or smart activities; and thirdly, developing the service economy with a specific focus on financial services and technology. The key challenges that confront Johannesburg, demand a balance between the search for global competitiveness and the need to address poverty.

3.3.7 Steps to determine a new approach

The lack of sustainability in LED projects in South Africa prompted a number of efforts to give the concept a new momentum. Very few models exist to provide LED with a stronger element of sustainability. This thesis is an effort to provide an approach for LED in the context of urban renewal, with a view that LED projects need to function as catalysts for

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downstream private sector investment. If the economic multiplier is not at work in LED, the project is bound to have a limited life span.

It has therefore become clear that not only a special emphasis needs to be placed on LED in the IDP and related documentation, but that specific priorities (using limited resources effectively) and institutions need to be established to drive the development agenda. Mounting developmental backlogs (particularly in the case of infrastructure), require more concerted institutional interventions to support the market demand in terms of infrastructure and to match in process what has already been achieved in the high growth business orientated endeavours in South Africa.

Local governments, particularly in metropolitan areas, have significant powers in terms of the Constitution. It is common cause that local governments are not only there to deliver basic services, but also need to fulfil command of a strong developmental role; hence the increased importance on LED.

Despite the significant emphasis on local government IDPs and the LED of the respective cities, there is at this point in time little firm evidence that, irrespective of laudable achievement in terms of housing construction and electrification, there has been any significant economic development and job creation *(Rogerson:2004:25)*. The pro-local development agenda has not been observed effective in practice, and the approach requires a much stronger emphasis on market-led development. *Jenkinsa and Wilkinson (2002:42)* cite that overall, therefore, and in common with experience throughout the world, the integration of market needs into a local economy appears to be intensifying. Underlying dualistic socio-economic structures leave a significant division of the population largely marginal due to the dynamics of the formal economy (*Jenkinsa and Wilkinson: 2002:43).*

According to *Harrison (2001:191),* many local authorities in South Africa are so weak institutionally that they cannot perform even the most basic functions of management and service delivery, and a sophisticated level of integrated and coordinated planning remains a distant ambition.

In the attempted implementation of LED, a number of initiatives – although they are mostly *ad hoc* and not always coherently driven by local governments – come to fruition. In general though, the failure of LED in its broad status seems to be to a large extent an exhausted effort. It has become clear that a new impetus is required.

The Deutsche Gesellschaft fur Technische Zusammenarbeit (**GTZ**) analyzed the merits of the present LED approach in South Africa and *Rücker and Trah (2007:32)* list a number of important elements that GTZ believes will make LED more successful. These elements include: a market driven approach, focusing on the specific business opportunities in a specific region/town; building government capacity; strengthening local government institutions; strengthening intermediary institutions; creating a favourable business climate; and promoting clusters. GTZ bases its approach on the notion that, “the market development approach in LED is constantly asking why the market is not working and what can be done to make it work” *(Rücker and Trah: 2007:34).* The objective of this thesis is to adopt an

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approach that will address urban renewal as one element of LED and how the respective actors can work towards customer needs and what the market can absorb.

The City of Cape Town initiated the institutionalization of pro-poor local economic development through public works in the urban environment of Cape Town. The city has an established political commitment to poverty reduction in its broadest sense *(Parnell, Douglas and Boulle: 2005:54).* This approach has not only been articulated in the IDP process, but also in a number of city-wide policies. It has culminated in the new generation Public Works Programme, with the Working for Water Programme being the catalyst behind the roll-out of the Expanded Public Works Programme **(EPWP)** across government as a key anti-poverty measure *(Parnell, Douglas and Boulle:2005:55).* Former President Thabo Mbeki formally announced the EPWP in his State of the Nation Address in February 2003. The EPWP is one of government's short to medium term programmes to create work opportunities and enhance skills levels through the delivery of essential services. The City of Cape Town adapted the EPWP in 2003, forming the Local Area Economic Development Framework **(LAED),** to emphasise the importance of sub-metropolitan strategies that would reach all parts of the city. The LAED places a strong emphasis on institutional location, effective planning, funding and evaluation of LED projects *(Parnell, Douglas and Boulle: 2005:55).* The approach culminated in a number of successful projects, *inter alia;* the Community Based Waste Management System, which consists of a refuse collection system and an area clearing system in informal settlements in Cape Town and the "Ukuvuka" Operation Fire Stop Campaign, which is located within the fynbos biome (a fire dependent ecosystem), preventing bush fires in informal urban areas.

The Small Enterprise Development Agency **(SEDA),** a national body, is also establishing a range of regional offices that provide access to services, training, products and entrepreneurial expertise *(SEDA Media release: 2006:1).*

Tourism has become an important driver in successful LED programmes. In the debate surrounding LED and how it should be adapted to achieve the desired GDP and employment creation results, it has become quite evident that prioritization, effective utilization of resources and employment of the necessary skills are constitute much of the solution. As urban renewal is an important component of an effective LED programme in a city, tourism is also a priority - particularly in areas and cities having a strong tourism product.

Tourism development in areas seeking to restructure their economies is an important theme in development circles. Critical to tourism development undertakings, such as the development of waterfronts, is the degree to which a locality can market itself to potential investors and tourists through "place-marketing" *(Binns and Nel: 2002:237).* Identifying and marketing new conceptualizations of space and place are key in this regard. Tourism development though, often comes at a cost to the physical environment in terms of the destruction of resources, pollution and the loss of cultural identity *(Binns and Nel: 2002:237).*

The importance of tourism as an anchor for growing local economies is critical in South African smaller urban areas *(Rogerson: 1999; 2000).* Although cities such as Cape Town

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have been very successful in tourism development and marketing, the reality is that the tourism market is both finite and discerning (*Binns and Nel: 2002:239).* Not all localities can realistically hope to benefit from tourism-led LED. It is important though to assess an area's tourism potential and to develop such potential against market demand.

Binns and Nel (2002:240-250) refers to two success stories, namely the town of Still Bay and Utrecht in South Africa. Still Bay, a place of natural beauty with immense eco-tourism and leisure potential, is a market-led success, which resulted in tangible benefits for the community. The second case is that of Utrecht, which utilised government poverty relief funding to create culture and environmental based tourism activities. Such approaches can only be sustainable though if eventually accompanied by private sector investment.

The role of cities is crucial in LED:

> "Cities can be crucibles of enormous creativity and economic dynamism and also sites of deep social divide, poverty and disadvantage. Looking ahead, cities are critical to economic development… strong city economies provide jobs and incomes to raise the living standard of citizens and to improve the stability and cohesion of communities… Strong city economies also promote productivity growth and innovation, partly because they contain the shared services, infrastructure, institutions and social amenities to attract investment, enterprise and skills" *(Cities Network: State of the Cities Report: 2011:18).*

The upsurge of global interest has been led by the economic argument that cities are engines of growth. A new academic sub-discipline has emerged; a new economic geography, to explain the importance of agglomeration, urban density and proximity to productivity and economic performance. Concentrated economic activity has major advantages for creativity, learning and innovation *(Cities Network: State of the Cities Report: 2011:10).* The concept of "resilient cities" *(Cities Network: State of the Cities Report: 2011:11)* and its primary address of which of a city's conditions are favourable to local economic development is a new way of focusing on the potential of cities as opposed to preoccupation with their glaring problems. Change is necessary to avoid being locked into different urban structures and inflexible institutions. An emphasis on potential local factors that can contribute to local economic development, such as urban renewal is required, that can shape long term development trajectories of cities in ways that are more sustainable, inclusive and productive *(Cities Network: State of the Cities Report: 2011:18).*

3.4 Sustainable LED – making good business sense

The term that is used most frequently in arguing for a different development paradigm has been *sustainability*.

Sustainable development involves all sectors of society and must therefore be addressed comprehensively. To facilitate the analysis of the situation, it is appropriate to discuss sustainability from different perspectives. It should be noted that achieving sustainability in one aspect should not be possible if other aspects are ignored. It is this package of a number of elements that creates a strong correlation between sustainability and regional and

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international competitiveness. A city cannot be competitive from a regional and international point of view if the full package of sustainability elements is not being addressed.

> "Sustainable development means the integration of social, economic and environmental factors into planning, implementation and decision making so as to ensure the development serves the present and future generations" *(National Environmental Management Act: RSA: 1998:4).*

From a property developer's point of view, sustainability can be a difficult element in the development process. It denotes the painful process of commissioning an Environmental Impact Assessment when applying for development rights and is associated with other perceived obstacles to an easy and profitable development, raised as a result of planning issues. This perspective however, is short sighted. Sustainability and what it represents merits closer scrutiny, particularly in interest of those whose livelihoods depend upon ongoing residential development in urban areas.

First of all – and briefly – what does the term, *sustainable* really mean? A simple definition of the word *sustain* is, "to cause or allow something to continue for a period of time", and the related definition of the word *sustainable* is, "causing little or no damage to the environment and therefore able to continue for a long time" *(Holden:2008:26 and Cities Network: State of the Cities Report:2006:69).*

The question that is posed in this light is – if minimising damage to the environment (here the term environment is seen as being much broader than the conventional reference to the earth and its resources) means that urban development can continue for a long time, how then can that be "bad" for those whose business relies on continuous development over the long term?

One needs to observe some concepts of the notion of sustainability as generally understood by urban planners. There is professional consensus that sustainable development involves striving for the achievement of four basic principles:

- In economic terms, it means that development must strive for fair and equitable access to resources (particularly financial resources and the physical materials that are required to generate livelihoods) so that people can achieve long lasting livelihoods and establish economically viable businesses, including industries, that are founded on ethical principles.
- In social terms, it means that development must strive to support fair and just societies that promote human development (health, education, skills acquisition, improvements in living standards, prosperity, safety, democracy, etc.).
- In environmental terms, it means that development must strive to maintain a balance between protecting the physical environment and using resources so as to allow the earth to continue to support an acceptable quality of life for all human beings.
- Institutional sustainability refers to the demand put to the municipality and other agencies to be able to provide services and project management skills in an efficient way and with a long term perspective. This will depend on the adequacy

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> of the institutional structure, staffing, procedures, capacity development and training. Good governance, consistency in the application of regulations and transparency and prerequisites for institutional sustainability, are important ingredients in a sustainability package which will ultimately create regional and international competitiveness. In the context of urban planning and development, institutional sustainability will require implementation focus, enforcement of regulations and efficient control that will aim at enabling and encouraging development that is done in terms of approved plans *(Nelson Mandela Bay Municipality:2007:56).*

If one understands sustainability in these terms, no reasonable person can object to urban renewal having a sustainable downstream economic impact, whether it is in respect of greenfield or brownfield areas.

It is in the interests of the very society to pay for and support development of this nature. Without that support and without those sectors of society being able to continue functioning effectively and expressing their aspirations through the ongoing efforts in urban renewal, there will be no future business for the revival of CBDs.

3.5 Urban planning, urban renewal and competitive LED

The preceding paragraphs and sections provide a number of different interpretations of LED and of its role at local government level. Although the Constitution includes extensive developmental power to local governments in South Africa, it has become clear that LED has not achieved the success that it was intended to achieve (*The White Paper on Local Government, Department of Constitutional Development: 1998:21).*

LED requires a sustainable rural and urban impact (*The White Paper on Local Government, Department of Constitutional Development: 1998:23)* to achieve its development objectives.

LED, in an urban context, links well with urban renewal. The transformation of South Africa since 1994 – throughout the rapid trend or urbanization and the subsequent decentralization of residential, office, retail and tourism/entertainment/leisure development – led to a capital flight from urban centres, buildings left derelict and vast tracks of land left underutilized. Severe urban decay resulted in some urban centres. Port Elizabeth, an industrial city, was the worst hit and any competitive local economic development had to find a way of reviving the city centre to create competitive places that would attract private sector investment in retail, residential, office and tourism/leisure/entertainment.

Although local economic development was idealised as a tool for the local economic growth agenda, a review of literature, interviews and observation have shown that the approach has not lived up to expectations.

Urban renewal is a key feature of the IDPs of cities and it is this key element in the revival of cities that suffered under decentralization, urbanization and a general capital flight. Cities are

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the key contributors to the rates base and it has become economically paramount to introduce urban renewal as a key component of the IDP and local economic development.

Through a revised approach to urban planning, the subsequent chapters discuss how urban renewal is used by a special purpose vehicle through a bottom-up approach, public participation and market research to achieve competitive local economic development.

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PART TWO

CLUSTER THEORY, PLACE MAKING AND ASPECTS OF TERRITORY



Art piece in the newly developed Jetty Street (adjacent to Vuyisili Mini Square)

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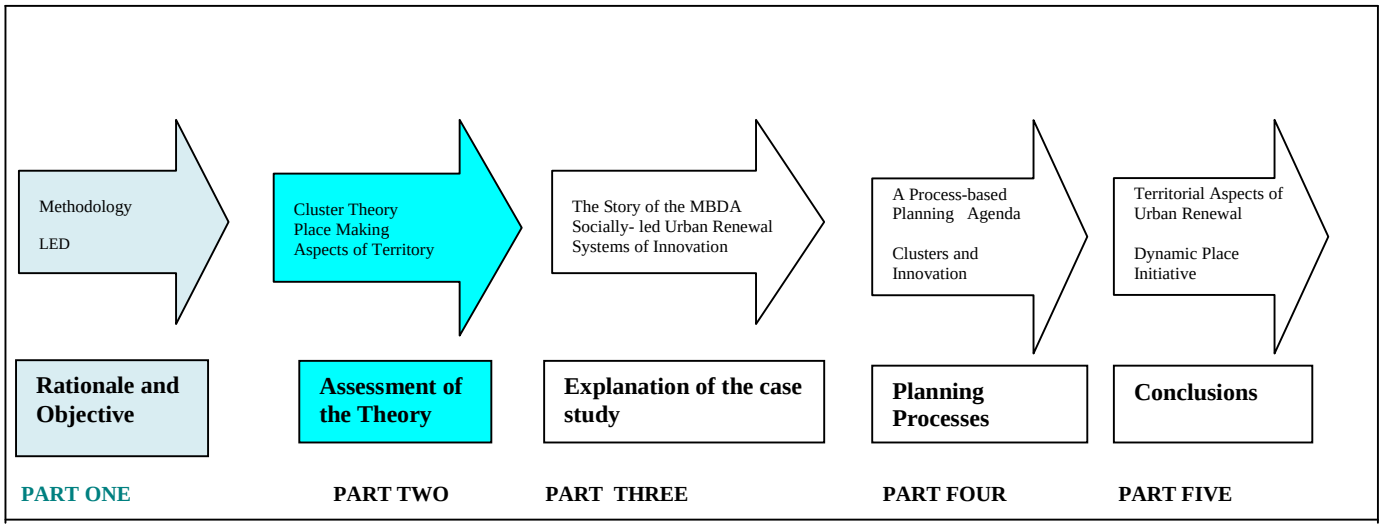
THE EMPHASIS OF PART TWO



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CHAPTER FOUR

CLUSTERING AS AN APPROACH FOR URBAN RENEWAL



The derelict Donkin Reserve (prior to the redevelopment) on the right and the upgraded Reserve on the left

4.1 Introduction

Although the initial cluster theory was constructed around industry, an effort will be made in Part Three – The Story of the Mandela Bay Development Agency – to apply clustering theory

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to urban renewal and to the development of competitive places for residential, leisure, retail and tourism/entertainment/leisure development.

The development of well-researched competitive, dynamic places through public sector investment is to be a catalyst for private sector investment to form an urban cluster for people to live, work and play. To conceptualize the urban cluster, an assessment is made of traditional cluster theory.

4.2 The cluster theory

Michael Porter (1990) introduced the term *cluster*. *Porter* defines a *cluster* as "... groups of inter-connected firms, suppliers, related industries, and specialized institutions in particular fields that are present in particular locations" *(Porter:1990:71).*

Porter (1990) questioned why firms in a particular nation seem to be able to create and sustain competitive advantage against the world's best competitors in a particular field, and why one nation is often home to so many of the industry's world leaders. This was discussed in respect of the internationalization of competition in the decades after World War II. The analysis was based on a number of case studies in Denmark, Italy, United States, South Korea and other countries.

For firms, competitiveness is the ability to contend in world markets with a global strategy. The national environment plays a central role in the competitive success of firms. The basic unit of analysis is the industry, or cluster of industries, connected through vertical and horizontal relationships (*Porter: 1990:73*).

According to *Porter*, a comparative advantage theory was based on the idea that nations all have equivalent technology, but differ in their access to factors of production, such as land, labour, natural resources and capital. As more industries have grown through knowledge incentives in the post World War II period, the role of these factor costs have become less strategic than the technology and skills to use them *(Porter: 1990:11-15).*

The important questions *Porter* asks are why and how multi-nationals from a particular nation develop unique skills and know-how in particular industries and why some multi-nationals from some nations sustain and build on these advantages, while others do not. One of *Porter's* conclusions is that competitive advantage is sustained through a highly local process, and it is in the conditions of the home base that the explanations of success can be found *(Porter: 1990:18).*

Firms create competitive advantage by perceiving or discovering new and better ways to compete in an industry and bring producers to the market. This is ultimately an act of innovation, broadly defined to include both improvements in technology and better methods and ways of doing things. In practice, much of this information is incremental rather than radical. It depends more on accumulation of small insights and advances than major technological breakthroughs. The creation of competitive advantage often involves ideas that are not *new*, but that have never before been vigorously pursued. Such advantage is as much the result of organizational learning as it is of preceding research and development. It also involves investment, development skills, knowledge and marketing to develop the physical cluster assets *(Porter: 1990:45).*

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It is in this understanding of the cluster theory that a more defined regional or even local perspective can be traced. *Porter's* original approach can also be adapted to suit the concept of urban renewal in a specific area to apply towards a local approach.

Sustainable competitive advantage, according to *Porter*, depends on three hierarchical conditions. Lower order advantages, such as labour cost or cheap raw materials, typical for standardized production, are relatively easy to imitate. A duplication of lower order advantages, for example, can be made by finding an alternative low cost location. Middle tier advantages usually depend on a history of sustained and accumulative investment in physical facilities and specialized and often risky learning, research, development and marketing. This is the condition for production in mature industrial economies before entering the knowledge economy. The highest and most important tier criterion for competitive advantage depends upon constant improvement and upgrading, which may include infrastructure upgrading. In order to achieve this, the firm has to be a moving target, creating new advantages at least as fast as competitiveness can replicate old ones *(Porter:1990:49-51).* These are typical conditions of a knowledge economy – one that depends on rapid innovation and early penetration of new market segments.

In their home nation, global industries often depend on their competitive positions to gain standing in other nations. The advantages from their home base are used to penetrate foreign markets. Over time, however, the locally generated advantages are combined with those resulting from activities in their worldwide network, such as economies of scale, the ability to serve multinational customers, and a transferable brand reputation *(Porter: 1990:53).* Sometimes this leads to the assumption that global industries are largely footless in relation to nations, only optimizing costs for taxes, labour, land and other factors. On the contrary, *Porter's* theory shows that a specific home-based advantage seems more significant for global competition *(Porter: 1990:60-61).*

National competitive advantage originates in four broad attributes, namely: Factor conditions; demand conditions; related and supporting industries; and firm strategy and structure efforts. These categories form the base for the "diamond approach" that determines national advantage. The diamond represents a mutually reinforcing system with the effect that one attribute supports the others. Advantages throughout the "diamond" are necessary for achieving and sustaining competitive success in the knowledge intense industries that are typical of advanced economies.

The cluster construction depends on the factors (i.e. basic, advanced, generalized and specialized) able to be developed. A natural distinction between them lies between factors representing land, climate, skills, labour and capital and advance factors. These include digital data communication structures, highly educated personnel and university research institutes in sophisticated disciplines. Basic factors are passively inherited, whereas the advanced factors, which are most significant for competitive advantage, are scarce owing to that their development demands sustained investment in both human and physical capital *(Porter: 1990:77).* The advanced factors, which are much more complicated to develop, are often built on basic factors. ***Figure 3*** demonstrates the *diamond* approach as per the *Porter* outline.

Figure 3: The determinants of national advantage, often called *Porter's "Diamond" (Porter: 1990:72)*

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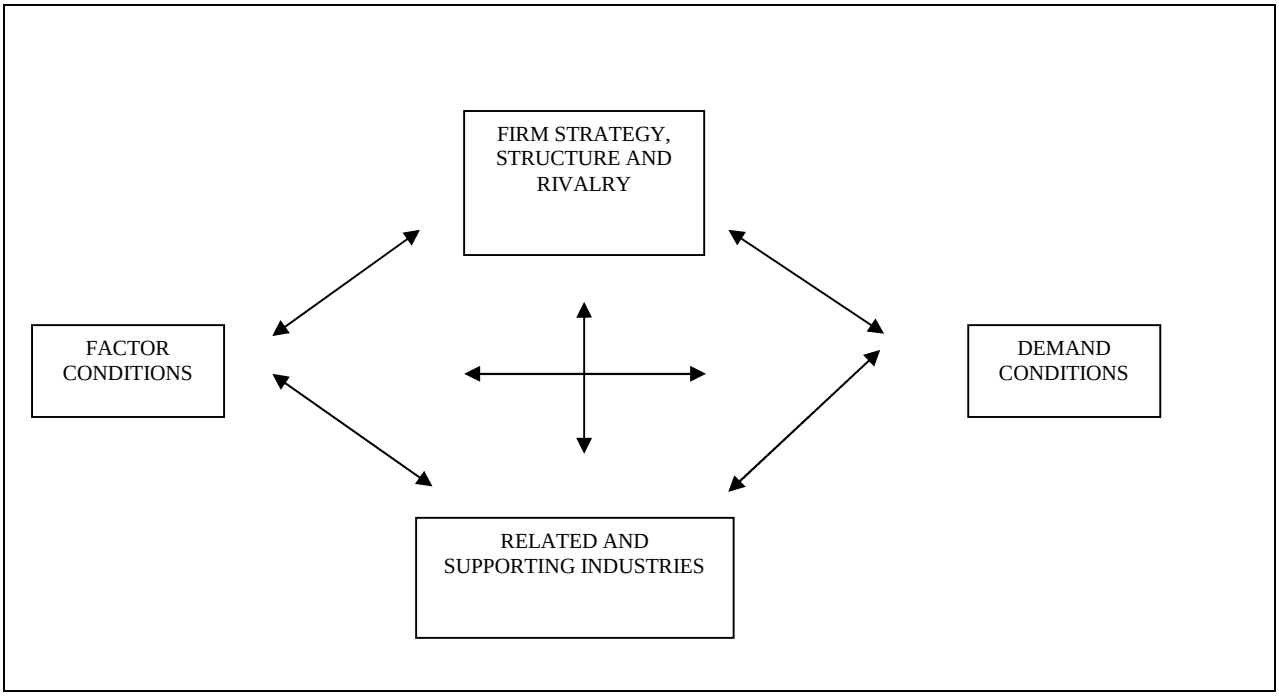

A secondary distinction of the factors, is their specificity. Generalized factors include highway systems, capital, a pool of well-educated employees, and so on, whereas specialized factors involve specifically-skilled personnel, infrastructure in specific properties and knowledge basis in particular fields. The creation of the specialized factors requires more focus and often riskier private and social investments which frequently depend upon an existing base of generalized factors. This makes them scarcer, but the development of these specialized factors is necessary for more sophisticated forms of competitive advantage. Specialized factors are necessary at a firm's home base so that it becomes difficult for foreign firms to gain equal access. The availability, quality and the rate of upgrading of advanced and specialized factors – integral to innovation and typical for advanced economies – determine the sophistication of competitive advantage that can potentially be achieved *(Porter: 1990:79).*

Competitiveness relates strongly to the promotion of LED. *Zhang (2010:2)* believes that the term *competitiveness*, as a dynamic concept, is helpful for policy makers, as it implies two essential aspects of promoting LED in today's environment, i.e. 1.) cities not only need to provide a good business environment – they need to strive to provide a better one than others, at least in certain aspects or niches; and, 2.) cities need to continually upgrade and innovate in order to achieve sustained growth.

4.3 Locational advantage

Locational advantage can be described as the momentum created when LED is concentrated on encouraging and supporting inter-sector (such as in the case of retail, residential, office and tourism/leisure/entertainment) collaboration, institutional development and support in targeted industrial sectors. In the case of urban renewal, these sectors are targeted because

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they offer the best potential for LED. Locational advantage is cultivated when the local economy promotes a targeted approach to improving LED activity by leveraging resources in the direction of its greatest potential economic return. Locational advantage is enhanced when the following occurs:

- Development of broker and network agencies – a network of retail, residential, office and tourism/leisure/entertainment benefit from one another
- Supporting joint research – when institutions of higher learning can undertake research that benefits all in the cluster
- The development of cluster-focused public procurement and local purchasing agreements – particularly in the public sector which, in the case of urban renewal, is the biggest buyer
- The provision of cluster-specific information in a format where all the members of a sector can share in the information. One of the most effective methods for developing a cluster is to gather information about businesses and institutional systems and then produce them
- The development of cluster-related marketing efforts
- The development of demand-led skills and education training programs (*Zhang: 2010:12)*

A good demonstration of locational advantage is the development of waterfronts in cities where the port is on the doorstep of the city. This use of leisure and tourism to re-image and redevelop cities has been interpreted as a mechanism for attracting capital and people. With intense inter-place competition and urban entrepreneurialism, whole built-environments become centerpieces of urban spectacle and display.

The Victoria and Alfred Waterfront in Cape Town, South Africa is a case in point. Urban redevelopment has emerged as one of the key concerns of urban social science in both theoretical and empirical-based settings. The word *waterfront* must count as one of its most remarked upon articulations. Waterfronts are often criticized for their lack of originality, that is, a somewhat skewed response to customer needs. They are often referred to as "creative destruction" *(Harvey: 1989:71).* The Victoria and Alfred Waterfront is perceived as a planning concept that ultimately benefits the empowered – reinforcing the already uneven economic space of Cape Town *(Ferreira and Visser: 2007:2).* Such developments question the desirability of northern-inspired, urban regeneration programmes in a local South African context *(Lemanski: 2007:23). Harvey (1989:23)* calls it, "a misplaced nostalgia". *Harvey (1989)* indicates that the engagement of local government and local people is critical in forming a distinctive character in heritage spaces and place-making.

Waterfront developments are often regarded by developers as *shared space*, whereas local communities differ in their impression of them, perceiving the idea as having lost touch with local communities and customer needs *(Interview with Andrew Borainne, Chief Executive Officer: Cape Town Partnership, June 2009). Hoyle (2002:145)* gives testament that, during the apartheid era, a wide spectrum of near exclusively white organizations and interest groups in Cape Town were presented with the development intensions of the Victoria and Alfred Waterfront. During the public participation process, a procedure for soliciting public feedback on development proposals was formally constituted. *Hoyle (2002:151)* indicates that these plans were formed around a "white-built heritage". In the debate and tensions surrounding waterfront development, the question of *whose* heritage or identity was to be conserved – or to be restored – was brought to the fore.

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Localization at the Victoria and Alfred Waterfront – it is argued by *Hoyle* – was successful from an economic growth point of view, but failed in its efforts of place identity due to the lack of responsiveness to the heritage and culture of the local people and their needs. To be sustainable, it is important for a localization endeavour to initiate from a more decentralized approach to strengthen the building blocks of growth, including productive investment, skills, and innovative technology, through developing the inherent strengths of the locality *(Rogerson:2008:1).* Through this effort, local government will reinforce its developmental mandate.

Waterfront development in the context of urban renewal requires careful master planning. It should not be *island* development, but have a strong connection to downtown. Waterfronts belong to the public and should not be a development separated from the rest of the community. Yet, too often access is *de facto* denied by private interests or the practical everyday work that takes place there *(Kotval: 2009:35).* Promotion of active localization/clustering should form a key emphasis of local governance through purposeful action.

The concept of clusters and LED within localized processes needs not to be confined only to manufacturing, but also applied to other initiatives, such as urban renewal. Clustering is particularly relevant in urban renewal around retail, residential, office and tourism/leisure/entertainment development. Localization/clustering as part of a LED strategy, needs to take into account the issue of identifying and subsequently maximizing competitive local advantage, within an environment of enhancing the second economy in the process of urban renewal. According to *Zhang (2010:5)* locational advantage and competitiveness are a mixture of a number of factors that in their inter-linkage (interaction) contribute to the strength of the localization or competitiveness of the city. ***Figure 4*** (drawing and adapted from *Zhang: 2010:12)* outlines some of these elements and how they interlink with one another.

In most emerging economies, **political stability** is a key determinant in reaching a level of national and international competitiveness. If a country is undergoing a degree of social and political transformation, such as in the case of South Africa, it becomes even more difficult to create a politically stable environment. Although South Africa has reached relative political stability at a national level, the same cannot be said of political stability at provincial level, and certainly not in the case of local government.

Sticking to a long-term plan (adapting only for changes in the market) has several advantages in that:

- It encourages stakeholders to invest and behave according to a shared vision, effectively driving their efforts in a unanimous single direction with appropriate prioritization
- It cost-effectively allocates resources to a few key strategic areas
- It helps a city anticipate future economic shocks and rapidly changing contexts (the risk environment) and raises its understanding of how stakeholders would respond under various scenarios

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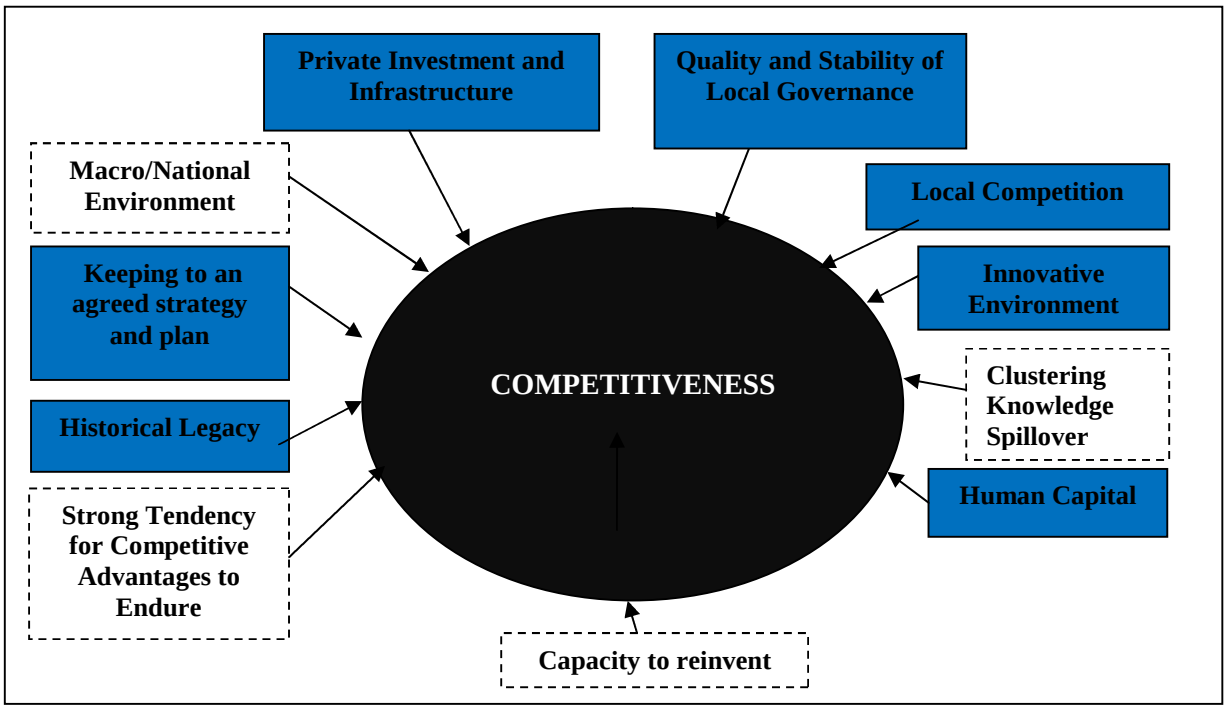
- It enables a city to anticipate the rate, type and physical direction of growth and to develop infrastructure ahead of growth *(Guide to City Development Strategies: The City Alliance: 2006:24).*

Figure 4: Key drivers of city competitiveness and strength of location



Source: Based on a number of readings, sources and self-innovation

Historical legacy refers to a city's ability to remain competitive over time. It becomes increasingly difficult for less competitive cities to catch up on a loss of competitive standing. This is also the reason why an interventionist approach becomes more important than an approach to leave any "catching up" to the markets. Historic competitiveness is the continuous ability of a city to renew, upgrade and reinvent.

An **innovative environment** results from the knowledge spillover (sharing) caused by the geographic concentration of industries.

Human capital is of fundamental importance. Strategies and master plans alone would not bring the required critical mass, but people that implement projects and ideas do.

With regard to **local competition**, empirical research demonstrates the positive impact of local competitiveness on growth.

Infrastructure investment's impact on economic growth is well documented. It makes cities more livable and plays an instrumental role in allowing agglomeration of economies to take place.

Good **quality of local governance** is of vital importance. Urban renewal is not only important on the political list of priorities, but also influences the micro-environment of residents, business people, etc.

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To become competitive and bring out the strengths of any location, the above-mentioned factors are encapsulated in the term *reinvention*. Reinvention requires a new way of thinking and it is often not possible by means of the mechanism of local government, but through the initiative of a special purpose vehicle.

Politically, it is important that such a vehicle be set up at an arms-length from government. In order to deliver effectively in an area with a sensitive history, such a delivery institution needs to establish legitimacy not only in the eyes of government, but also in those of business and the general public, most of whom who do not regularly participate in government structures *(Robinson, McCarthy and Foster 2004:164).*

4.4 Doing more with less

In the context of the recent economic downturn, carefully balanced strategies are needed so that agencies use increasingly limited resources to help meet shared economic priorities at the local level and set local economies back on the track of economic growth. National government policies can make a great deal of difference in building economically viable, sustainable economies. However, this is not possible if policies are fragmented, services are duplicated and agencies do not intercommunicate pertaining what they are trying to achieve. As government spending is reduced to pay off debt, a drive is needed to increase the effectiveness of public policy through reducing duplication at the local level and better alignment of activities.

Government policies intervene in a myriad of ways at a local level and rarely are these interventions coordinated effectively. Efforts are often conducted in silos, following different policy objectives and working to different time scales. Such divisions are often taken for granted, blamed on historical working relationships (“it has always been like that”) and organizational cultures (“they do not work like we do”). These divisions come at a cost though. The answer lies in breaking out of the silos with an overarching approach driven by a single agency.

According to the Organization for Economic Cooperation and Development’s **(OECD)** Local Economic and Employment Development **(LEED)** programme, integration of policies at a local level is important due to the following factors:

- Complexity of the many issues and actors at local level
- Efficiency, duplication and service gaps
- Achieving critical mass, i.e. the need for prioritization in the application of limited resources
- Building social capital and building links between local organizations and agencies *(Froy and Giguere: 2010:13).*

Froy and Giguere (2010:15) indicate that a number of factors are important to overcome the lack of integration at local level and to ensure that in the process, resources are used more productively. These factors are:

- National cooperation, i.e. ensuring that local policies – such as in respect of training – are responsive to local economic needs
- Local governance, ensuring demand-led partnerships

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- Policy flexibility, ensuring continued adaption to changing market conditions
- Capacities, ensuring that policies can be implemented with the required skills
- Labour market conditions, creating a "burning platform" for business, labour and government to decide what policy best addresses market conditions *(Froy and Giguere: 2010:17).*

It is often found that both of the two main reasons for the lack of effective implementation of LED are *resources* – in particular – *financial constraints* and *skills*. Where skills are available without financial resources, it is important to squeeze more value out of an available budget. It is financial constraints that become more evident in post-recession times while the international economy slowly recovers. An ideal situation would be where local authorities could be handed a "financial envelope", which may then be used as the local government sees fit, the fact aside that local government often battle with accountability problems *(Froy and Giguere:2010:45)*. Such a situation can be overcome with a development agency, that is driven by "management by objectives", ensuring that projects with the biggest economic impact in respect of jobs and GDP are prioritized and driven to fruition.

4.5 Clusters and place making

According to *Porter (1990)*, government efforts to create advanced and specialized factors (of key drivers of city competitiveness and strength of location i.e. basic, advanced, generalized and specialized), often fail unless they are coupled with private sector involvement. In this interest, governmental investment and factor creation are normally concentrated on more basic and generalized factors, including investment and basic research that can be transmitted and further developed by industry.

Innovative ability is based rather in the advantage provided in terms of close working relationships in order to perceive new methods, create new opportunities and apply new technology. This interplay between different actors is important in the process of innovation. Proximity along the cultural similarity tends to facilitate this process *(Porter: 1990:103-104).*

Furthermore, nations with leading world positions often have a number of strong local rivals, even if the country is sometimes relatively small. This is also the case within regions and cities – Port Elizabeth is a case in point, where Volkswagen and General Motors are rivals, but are literally manufacturing motor vehicles within a radius of 30 kilometers from one another.

Domestic rivalry creates pressure on firms to improve and be innovative. Local rivals push each other to lower costs, to improve quality and services and to create new products and processes. These innovative processes and pressures upgrade the competitive advantages of firms from the same geographic areas *(Porter: 1990:119).*

The local territory is a powerful component for the creation of competitive advantage. A new role for the governments and the local levels could be suggested *(Porter: 1990).* Clusters represent an "important forum in which new types of dialogue can and must take place amongst companies, government agencies and institutions such as schools, universities and public utilities" *(Porter:1990).*

Proximity is a key to prosperous development of competitive advantage in a cluster perspective. Proximity relates to a, "distance over which informal, transactional, incentive,

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and other efficiencies occur" *(Porter: 1990).* Within this area, the cluster comprises an array of linked industries and other entities important to competition. Drawing cluster boundaries is a matter of understanding the links and the complementarities across industries and institutions that are most important to competition in a specific field. The strengths of these relations and their relevance to productivity and innovation are, according to *Porter*, what determines the boundary of a cluster.

As an example, *Porter* mentions the wine cluster in California, which includes 680 commercial wineries and several thousand independent wine grape growers. Many specialized firms support both wine making and grape growing, including the suppliers of grape stock, irrigation and harvesting equipment, barrels and labels, specialized public relations and advertising firms and numerous wine publications. A number of local institutions are involved with wine, such as the Wine Institute, special committees of the California State Senate and Assembly and a world renowned viticulture and enology program at the University of California. The cluster also has weaker links with other California clusters of agriculture, food, restaurants and wine country tourism *(Porter: 1990). Porter* concludes: "These externalities create a possible rationale for collective action and role for government" *(1990:4).*

In this description of a cluster, we move towards a more territorially defined entity, framed by a productive issue. The wine cluster example demonstrates that the cluster analysis is something quite different from analysis in the view of traditional industrial classifications systems, which fail to capture many of the important factors. Competitive clusters can exist embedded and invisible in several larger and overlapping categories of industries, until a cluster view is applied, which breaks the traditional boundaries and sectors. The unit of analysis in the cluster case is the competitive economic system in the local place.

4.6 Cluster analysis and the logic of place-making

Porter's discussion of a new rationality links closely with the discussion of place making in urban renewal. The cluster concept as depicted by *Porter* originates from the classification of closeness, rather than the classification of resemblance, which would embed aspects of a cluster – for example, wine periodicals, the research institutes and the wine makers in quite different categories – making it impossible to link them through statistics or other abstracting techniques.

In a reasonably narrow sense, location has a vital influence on competition. Competition is far from relying solely on cost minimization in a relatively closed economy. The actual competition is dynamic, and requires innovation and the search for strategic differences. Advanced and specialized factor inputs are usually of vital importance and, prosperity depends on the productivity with which factors are used and upgraded in a specific location. Traditional distinctions between high and low technology, manufacturing and services, resource-based and knowledge-based have little relevance. Prosperity is more a matter of what effects one industry has on the others *(Porter: 1990:9).*

Some aspects of the micro-economic business environment are generic to all industries, e.g. roads, taxes, legal systems, etc. Other aspects are more related to the climate in the cluster, e.g. the presence of particular types of suppliers, skills or university departments. Specialized factors tend to be less tradable or available elsewhere and they tend to be more decisive to

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innovation and competitiveness. Clusters based on closeness play a vital role in the development of this kind of unique quality *(Porter: 1990:16).*

To some extent, these intangibles for competition depend on personal relationships, face-to-face communication and networks of individuals and institutions that interact. The cluster is a spatial organizational form within which the existence of repeated personal relationships and community ties fosters trust and facilitative flow of information. These kinds of information inputs, that otherwise would be very costly to obtain, may be converted into public or quasi-public goods in a cluster.

Some of these cluster characteristics are relevant to innovation and productivity growth through the advantages they offer in perceiving new possibilities. A lesser need to create knowledge in-house, represents a cost advantage to those competitors located in a cluster, compared to locations in more isolated places. Clusters therefore represent a combination of competition and co-operation. One then moves towards a narrow, place-related view of clusters, more than as understood from *Porter*'s original nation-based *diamond* formulated in the early 1990s. The importance of clusters rises with the sophistication of competition and thereby links to increased intensity in knowledge and innovation.

In his recent works, *Porter*'s discussion of clusters increasingly favours a location-specific analysis and his understanding of local circumstances leans towards national action. Still, however, *Porter*'s discussions focus on industries, although more in the sense of regional specialization. A powerful development of industries undergoes an influential development of local clusters with a set of components strategic to innovation. *Porter* suggests that the development of the intrinsic qualities of a local environment – the location – is the key competence for global competition.

4.7 The rise of clusters: A governmental perspective

The development of a cluster rests on the idea of a "location paradox"; that everything that can be efficiently sourced from a distance has essentially been nullified as a competitive advantage in advanced economies. Everything that can be accessed via the internet, phone or fax is available to everyone. It follows that the most powerful competitive advantages in a global economy appear to be local *(Porter: 2000:18).*

Understanding how clusters can develop has become a field of study. The government plays a vital role in this. In advanced economies, the government motivates, facilitates and provides incentives for collective action from the private sector instead of creating benefits for individual firms. Subsidies should concentrate on areas such as Research and Development **(R&D)** and "facilities investment" *(Porter: 2000:12-14).*

Cluster development depends on the initiatives of the state at local level. "Although industrial policy aims to distort competition in favour of a particular location, cluster theory focuses on removing obstacles, relaxing constraints and eliminating inefficiencies to productivity and productivity growth. The emphasis in cluster theory is not on market share, but rather on dynamic improvement" *(Porter: 2000:14).* This statement highlights the fact that more functions of government have an influence on competitiveness than normally recognized, especially within the government itself. The local governments have an important influence on the general business environment in a location and a cluster should, according to *Porter*, represent a vital component of state and local economic development policy.

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A shared understanding of competitiveness, focused on removing obstacles and paying close attention to personal relationships, are common features. The matter concerns gaining the private sector's involvement and causing private initiatives to take the lead role in the process *(Porter, 2000:14).*

In Part Three – The story of the MBDA – the cluster approach will be used to demonstrate clustering/localization as key components in the development of competitive urban places. Catalytic, public funded infrastructure projects, conceptualized through bottom-up market research, serve as a foundation for the responding private sector investment that leads to competitive LED.

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CHAPTER FIVE

INNOVATION AND URBAN RENEWAL



The industrial backdrop of Port Elizabeth

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5.1 Urban renewal, innovation and the case of the MBDA

It was not until the establishment of the MBDA, that urban renewal, real estate development around retail, residential, office and tourism/leisure/entertainment in the Mandate Area had any political, social or economic standing. The MBDA's was the first approach towards innovation and creativity in an effort to return life to the CBD and Central. The years prior to 2004 had seen a serious capital flight; buildings were vacant and derelict and basic city services, such as security and cleaning, fell by the wayside.

For more than a decade – until a capital flight from the area resulted – very little was said or written about the urban decay in Port Elizabeth. It had become an accepted part of life and it was only due to external perceptions of the city's potential, that the MBDA was established to drive a turnaround in the city's fortune.

Although there are many urban renewal approaches used worldwide in cities that experience some form of urban decay, the degree of seriousness to which the inner city of Port Elizabeth had dilapidated over a period of twenty years (due to de-industrialization the urban decay started before 1994 – the first democratic elections), required the MBDA to be particularly innovative and creative in its urban renewal approach.

Whereas that of Port Elizabeth had regressed, urban infrastructure development in other South African primary and secondary cities had enjoyed an upward trend. The city fathers, with the leadership provided by the Industrial Development Corporation **(IDC),** discerned that the situation needed a strong interventionist approach with a specific emphasis by means of a special purpose vehicle. Coupled with the political system and the general dependency of the Port Elizabeth economy on motor manufacturing and related industry, conditions meant that more than just a brick and mortar approach was necessary.

Furthermore, a general tendency in South Africa, for retail, office, residential and tourism/leisure/entertainment to diversify and decentralize to the outlying areas of South African cities, is not conducive towards the remedy of the trend of decentralization. It has therefore been important not to follow an urban renewal approach whereby big corporates – such as Goodyear, Volkswagen, Cadbury, Shatterprufe, financial institutions and many others – would be encouraged to return to the CBD, but to find alternative urban uses for the area through a process of innovation. An attempt was made to keep the bigger bank corporates in the CBD, but it was quickly realized that this strategy would not be sustainable.

The levels of skepticism and negativity in the general society have been, and continue to be, further obstacles in the path to Port Elizabeth's on-going urban renewal. In terms of communication, the adoption and maintenance of an interactive approach is necessary to cope with this challenge. The uncertainties involved in innovation and the importance of learning imply complex communication between parties involved, especially where the knowledge exchanged is tacit and difficult to codify *(Lundvall: 1992:3).* As such a process was unlikely to have been undertaken in a purely local government context, a special purpose vehicle was

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a prerequisite for such a process's implementation. The MBDA adopted an integration oriented process of social inclusivity and also addressed stress levels and perceptions.

The assumption that the MBDA would develop around the concept of a cluster, presumes, according to earlier discussions, that the economic system in place is empowered to innovate along the lines of the Strategic Spatial Implementation Framework **(SSIF)** designed by the MBDA.

The assumption behind the general approach of innovation is that innovation is a key element in economic growth. *Lundvall (1992)* notes that, "a system of innovation is constituted by elements and relationships which interact in the production, diffusion and the use of new and economically useful knowledge" *(Lundvall: 1992:2).* The output measures of the system of innovation are patents, the proportion of new products and the proportion of high tech products in foreign trade *(Lundvall: 1992:6).*

Technical progress is not a goal in itself. *Lundvall* argues that, "the main reason for governments to engage in innovation policies is the assumption that innovation is the key element in economic growth" *(Lundvall: 1992:6).* "The long term competitiveness of firms and national economies is based in their innovation of innovative capabilities. Firms must engage in innovation just to hold their ground" *(Lundvall: 1992:8).*

Identifying innovation in terms like these, regards the phenomenon as a gradual, incremental and accumulative aspect based on learning and collective entrepreneurship. The most valuable modes of learning are practical interactive processes. Not all important inputs to these processes of innovation emanate from formal research and development. The production of knowledge and insights formed by workers, production engineers and sales representatives forms a crucial input to innovation through learning by doing, learning by using and learning by interacting *(Lundvall: 1992:9).*

Systems marked by innovative agendas carry with them a great deal of uncertainty. Over time, institutions with stability provide a framework for innovative practice, making the system manageable and reasonably comfortable for the concerned actors *(Lundvall: 1992:10).* The urban management dimension analysis in this thesis represents one such possible institutional framework for an environment stamped by innovative growth and based on the complex network society. In this chapter, the conditions under which the urban environment is managed - within the context of growth-based activities in an urban renewal environment - are discussed.

Martinus (2011:2) writes that innovation and knowledge development comprise an increasing portion of the national productivity and economic development agendas. They are a product of a highly complex process embedded in human knowledge, experience and space. Future economic efficiency and sustainability depend upon, "urban planning processes cognizant of human new economy needs" (*Martinus 2011:3).* Urban form can act in congruence with formal and informal human interaction, creativity and movement. By opening new linkages

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and stimulating new ideas, it can enhance the innovative system to allow better access to and use of knowledge and information *(Martinus: 2011: 3).*

The section to follow will explore institutional settings that enable the development of knowledge and information.

5.2 The institutional settings for innovation

The 1990s are not unique in allocating innovation a major role in the formulation of the terms for developing economies. Throughout the 20th century, the institutional aspects of innovation have been of vital interest *(Freeman: 1992).*

Freeman uses the German example as a case in point. More than a century ago, Germany underwent a radical change in its institutional structure regarding innovation. It was the institutional innovations in the science technology system that shaped Germany's in-house industrial research and development laboratories in the institutions of technology *(Freeman: 1992:170).* The changes were a response to the increasing complexity in the technologies of electrical and chemical industries. The laboratories provided the method for the regular and systematic improvement in scaling up of products and processes, taking into account new scientific developments, as well as the experience of users and the requirements of the entire technological system *(Freeman: 1992:172).* Innovation as a major role in the formulation of the terms for economy development was soon also introduced in the United States.

Freeman claims that although Britain led the first wave of industrialization, it lost this lead to the United States and Germany in the years preceding World War II, due to differences in the organizational structures. It was the institutional innovations in science and technology systems in Germany and the United States that enabled these countries to exploit this scientific knowledge more effectively and it was the slowness of the institutional innovation in the British social system that hindered the pace of technical change *(Freeman: 1992:173).*

The German *applied science technology model* developed around an interaction between corporate research and development and the increasingly strong institutions that also could co-operate between researchers in German universities. A strong "standards institute" was a model for Kaiser Wilhelm at the turn of the century, a model later exported all over the world. These research and development laboratories were the formal structure that enabled both the new giant chemical and electrical firms to develop a stream of new products and processes *(Freeman: 1992).*

In Germany, a national system of innovation, which provided supporting services and skilled people, was a critical factor for the industry to develop and use the new technologies. This was the case even when the technology was imported. Countries, such as The Netherlands, that adopted the German and United States educational and institutional innovations, also began a rapid *catching up* process, enabling them to develop strength in specialized industries *(Freeman: 1992:174).* The German/United States solution placed research and development

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in a position "between" universities and industries. In these institutions, applied research motivated the type of work – aiming at improving products or the production processes – but results were also given over to academia for continuous research.

Freeman (1992:184) demonstrated that detailed studies have shown the close connection between falling productivity and slowdown in innovation. Consequential, the decline of innovation can be associated with or attributed to institutional problems. *Freeman* refers to the studies, demonstrating that:

- The commonness and most persistent cause, of failure was in the relation between producers and users of innovation
- An equally serious problem was in the lack of adequate "horizontal" communication and communication between research and development departments, production and marketing in the firm
- Internal communication problems were often compounded and aggravated by external communication problems *(Freeman: 1992:185).*

These problems are associated with the specialization and institutionalization of research and development. They are, however also affected by the geographical and organizational isolation of research and development departments.

Freeman concludes that in periods of evasive radical change in technology, which could be described as a change in the "techno-economic paradigm", the institutional changes in the science technology system are especially important. A big change in technology tends to provoke correspondingly scaled changes in institutions *(Freeman: 1992:183).* Relative changes in competitiveness between nations are often the result of institutional innovations from one country, which then slowly defuse to other countries through mixed processes of institutional borrowing and learning.

Freeman argues that this institutional setup tends to shift rather slowly. It is easier to recognize the technological rather than the institutional changes because technological innovations are more salient than institutional innovation. The latter are informal and transmitted in the culture. Due to the nature of institutional changes, they are easier to reject. If left to its own natural progression in a period of radical change (in techno-economic structures), it can be expected of the structural adaptation of the economy to be slow and troublesome *(Freeman: 1992:310).*

5.3 Triple helix and regional competitive advantage

The foundations for the triple helix model suggest that: "…a spiral model of innovation is required to capture multiple reciprocal linkages at different stages of the capitalization of knowledge…" *(Freeman: 1992:32, referring to Etzkowitz and Leydesdorff: 1997).*

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It is generally accepted that academic research carries the prospects of future economic and social development. But, while the links between academic research, industry and society have been formally based on a linear model of innovation with long term academic contribution to the economy, an enabling situation presents wherein long and short term contributions are possible and necessary. As individual firms externalize much of their innovation, the unit of analysis increasingly becomes "technological systems viewed as networks interacting in a specific technology area" *(Freeman: 1992:350*).

The capitalization of knowledge, which is based on multiple and reciprocal links at different stages of the process and the system of research and production - which was previously considered functionally differentiated – become integrated at various levels of the structure. This has been called "a spiral model of innovation" *(Freeman: 1992:352).*

With the introduction of the triple helix model, a new mode of production has emerged, based on interactive links between academia, industry and government. One needs to distinguish between *disciplinarily sciences* with a traditional communication structure (Mode 1) and *network sciences* being more concerned with the interfaces (Mode 2).

What is noted is that the generation of scientific reputation at the interface (Mode 2) should be specified differently from a reputation within a specific community. The results are not primarily the written reports, but the results of the action in the field.

The triple helix model was developed around the innovation gap that emerged from the shortening of a timescale for research and development, reduced resources available to firms and the increase in competencies and technological inputs necessary to accomplish innovation. The traditional national systems of innovation, within the context of increased competitiveness and scarcer resources, were acting in resistance to regional systems on the one hand and multinational systems on the other.

Traditionally, government strategies have focused on the creation of channels of information that provide effective and dynamic inter-dependencies, without being directly involved in projects. The model of triple helix has occurred as an answer to the need for more direct government action, creating intervention tools aimed at the creation of strategic alliances between companies, universities and even specialists, through development forums. In this action, the society is the third party in the spiral action, together with universities and industry.

The activities of universities provide a competitive advantage to their region, producing research on systems of innovation that comes very close to *Porter*'s discussion of clusters. Universities are important as a factor/condition in *Porter*'s time and model, in which they classify into all factor categories (of key drivers of city competitiveness and strength of location) i.e. basic, advanced, generalized and specialized.

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Fundamental education is a basic and often generalized factor. Doctoral training and sophisticated research universities are advanced and result in specialized factors. The difference between *Porter's* theory and the triple helix model discussed by *Etzkowitz and Leydesdorff* is that *Porter* views the university as a background factor and assumes that government action affects competition only indirectly by influencing the four attributes (basic, advanced, generalized and specialized) in the perspective's "diamond".

The triple helix model views all three factors - academia, industry and government - as equally influential. The experience in South Africa is that regional co-operation is increasing in significance and that geographic and cultural proximity are important determinants for the choice of collaborating organizations. It could even be useful to consider a regional triple helix.

A central problem therefore, is the definition of what a *region* is. Authorities address regions from an administrative borders point of view, whereas universities approach regions as territories for the national recruitment of students. Companies appear to favour collaboration with those who are geographically close, where any such available entities within close proximity with enough sophistication for cooperation exist. Technology therefore, is developed locally, based on what the market requires and on what the characteristics of the region are, whereas firms, markets and science are international.

Amdam (2011: 4) writes that regional or spatial planning is traditionally bounded by political and administrative borders. Increasingly, local and regional challenges are not associated with the control of growth, but focused on how to stimulate development and positive changes in industries, communications and urban, rural and natural environments. *Amdam* further explains that while a region – in regard to legislation – is a clearly defined political-administrative unit like a country or a municipality (with defined borders and responsibilities), in reality, a region (in regard to flexible planning) is related to economic, cultural and communicative networks, stakeholders and challenges that are dynamic over time. While traditional regional planning is territorial and attempts to coordinate functions inside a specific territory, flexible regional planning needs to coordinate activities regarding both function and territory and to be dynamic regarding a regional structure, challenges, stakeholders, processes as well as initiatives, actions and responses *(Amdam: 2011: 4).*

A conclusion may be drawn that it is in the role of government that a deviation is made from the traditional *Porter* model. It is especially local governments that have a more dominant role in a South African context and also in the global context. In many cases, cooperative activities have been initiated by regional and local authorities and on some occasions have been funded by public money. Although the main actors in research cooperation are industry and universities, local authorities appear (and should be) very active in striving to facilitate and promote collaboration between different institutions – particularly in the case of urban renewal in Port Elizabeth. The actors are not only local government through the MBDA, but local and national universities, National Treasury, the IDC, the Development Bank of Southern Africa **(DBSA),** the Cities Network, and other key role players.

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Although *Porter*'s model aims at strengthening existing clusters, the triple helix, as it was applied in European example, recommends measures that might lead to the development of clusters in completely new industries.

The triple helix spans the dichotomy between two quite different systems – that of instrumental rationality and that of the learning economy. The economic problem focused on innovation theory is related to the learning capability of the economy. Different institutions working together towards a specific goal is, in effect, collective and collaborative entrepreneurship – and the capability to learn within such a system as a whole depends on the existence of environments wherein different kinds of skill, competence and experience may be combined and allowed to generate new knowledge. For this to occur, a designated organization needs to act as an agent, drawing the knowledge together. The solution is not always to be found in a specific scientific research, but in the cooperation and coordination of different organizations, government and companies to overcome limitations.

In order to orchestrate this intricate communication between industries, firms, universities, public organizations and government; agents for intervention are needed, to play the role of intermediary, in order to interpret between each of the "actors". For intervention to be successful, such an agency must gain broad acceptance of its legitimacy and must have a very thorough understanding of the workings of the innovation system as a whole. This establishment of new interfaces and links would be a means of increasing the learning capability of the system.

Local government agencies play a vital role in orchestrating this co-operation. In South Africa, where local government is not only expected to deliver basic services, but also to be developmental, innovative and entrepreneurial in its approach, this makes increasing sense.

5.4 Facilitating complex regional systems of innovation

Following on from the above, an advanced systematic approach to innovation, describing the properties of a complex network society must have the capability to create the pattern of inter-connection and channels of communication. It must demonstrate the ability to establish new models of exchange and the skills to adapt the richness of research practice to everyday problem solving in the work environment of urban renewal.

Systems of actor-network go beyond persons and institutions. They include the non-material artifacts enrolled into the planning process. The actor network approach is not a theory. Theory normally explains why something happens, but actor-network ideology is descriptive rather than foundational in explanatory terms. It tells stories about *how* relations assemble or do not. As a form - one of several, of material semiotics - it is better understood as a toolkit for telling interesting stories about and interfering in those relations. More profoundly, it is a sensibility to the messy practices of relationality and materiality of the world *(Odendaal: 2011: 5, drawing from Law: 2007: 2).*

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It can therefore and on the terms discussed in the previous section, be assumed that it is possible to manage an approach to innovation systematically. The basic assumption is that systems of innovation are complex and open ended, which complicates their potential use. It is argued that the innovation system approach builds upon a mental model according to which it is actually possible to design, implement and steer systems towards predefined goals. An example of this is the economic development of a region in fulfillment of a specific master plan. Such a practical approach does not necessarily agree with theoretical reasoning. The whole approach of "concept to completion" falls within this facilitation of innovation in a regional system, which, in the case of this thesis' study, is a local government city precinct area.

Innovation systems viewed merely as self-organizing and complex systems that are facilitated by modeling complexity, are referred to by *Etzkowitz and Leydesdorff*, as a complexity that originates in "trans-disciplinarity". This concept is further defined as, "knowledge which emerges from a particular context of application with its own distinct theoretical structures, research methods and modes of practice, but which may not be located on the prevailing disciplinary map" *(Etzkowitz and Leydesdorff: 1997:11).*

According to *Uhlin, Rangnes and Synnavag (2000:5),* the normal approach to innovation in our society, is to try and convince ourselves that life is linear and thus, that it is therefore perfectly manageable. Conversely, a regional innovation system is an example of a complex system with a dynamic and non-linear nature. Non-linearity refers to equations and the problems they describe, regarded as a totality. These equations are non-decomposable in the sense that they cannot be reduced to their constituent parts and added back again. Due to their tendencies to be unmanageable, these kinds of complex systems are often treated as "black boxes"; with a hesitance to *look inside* them. Systems of innovation are inherently complex and it is impossible to explain them as a whole or to manage them as such.

Uhlin, Rangnes and Synnavag (2000) find that it appears to the project leaders and steering groups that the regional innovation system as a whole, is not "out there somewhere", but within the people in the groups, together with people from the regional research and development systems and firms that follow through with a concept to completion process. This insight provokes the question of leadership. In some of the projects, "one is obviously waiting for someone to take the lead and the responsibility for the situation at large" *(Uhlin, Rangnes and Synnavag: 2000:7).* This is illogical because the basic assumption of the programme builds on the development of a working relationship based on mutual respect and interpersonal, as well as systems, trust.

Projects can be described as "a co-developed relationship based on socially distributed trust" *(Uhlin, Rangnes and Synnavag: 2000:7).*

It is not clear though, in practical terms, what a non-linear, dynamic and complex social system actually is. The innovation approach is too abstract, too complicated and too obscure.

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The true units of analysis are the actors, modelers and facilitators who create and manage these systems.

A further implication of the complexity dictates that interaction in networks has a fairly short range, as elements within the system operate on information that is available to them locally – since in complex systems, there is no meta-level controlling the flow of information. Single elements cannot contain the complexity of the whole system and therefore can neither control nor comprehend it fully. Due to the matters of complexity, the system is implemented in a fairly bounded and local territory.

A consequence of managing complex systems is adapting to a new management style, to focus on the increasing permeability of boundaries and the need for brokering interaction. Government will have to concede that they can no longer manage outcomes; but rather create some of the conditions in which the desired outcomes may be achieved. The trust in the system is facilitated by, "management-by-traveling-around" or "management by creating dialogue across boundaries". This is only possible without intervention within a system where people know each other and have some kind of common foundation for co-action.

Because systems of innovation are inherently complex and impossible to either explain or manage as a whole, actors need to strategize using "modeling in order to facilitate and carrying over frames or perspectives from one domain to another" (*Uhlin, Rangnes and Synnavag: 2000:18).* The objective is to create active participation in development processes where dynamic friction between different cultures, religions, ideas and competencies is the focus. There is a need for designation of institutions that smooth co-operation within these complex systems, given that those projects cannot be evaluated in a traditional way with regard to the fulfillment of pre-set goals. The ultimate goal is the creation of a learning culture where socially distributed trust is the norm. The very nature of traditional local government in a diverse cultural society is unlikely to create such an environment. The intervention of a special purpose vehicle as a conduit is the more logical solution.

5.5 Conclusive reflections on innovation and the development of the Mandate Area by the MBDA

The previous discussion may have seemed cumbersome, but the outcome is vital for project implementation of the MBDA. In contemporary debates, the concept of innovation has been allocated a profound role in the explanation of the driving forces in society. This thesis analyzes how innovation in the economy is linked with urban renewal and effective LED. *Freeman* affirms that the implementation of the concept of innovation is a matter of the creation of new institutional forms. *Uhlin, Rangnes and Synnavag (2000:65)* elaborates that this also has to do with the governance of complex systems. Triple helix responds to the needs of corporations, universities and general society to co-operate around applied problems under new forms of interaction and the exchange of competence over established boundaries.

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Another dimension of the call for new institutional forms is the capacity to manage a regional system of innovation in itself. Innovation systems are viewed as self-organizing bodies, which have to be facilitated in practice by the modeling of complexity. Due to the complicated nature of non-linear, dynamic and complex systems, the units of analysis are the actors, modelers and facilitators who create and manage them.

The orchestration of this communication between disparate actors, presupposes agents that perform the role of intermediary. These agencies can only be successful if they gain a broad acceptance for intervention. Apart from being legitimate with the required credibility, they must have a thorough understanding of the workings of the innovations system as a whole. Government agencies play an important role in this regard.

The problem of managing these complex systems is solved through a bounded local system, based upon the historic roots of interaction and co-operation. Given these restrictions, the system is manageable using the facilitation of a “third hand”. It is arguable that the urban management functions are institutional settings that form the system and provide the “third hand” of government action. The attempt indirectly facilitates the situation rather than directly, as an involvement in the innovation of technological fields.

The government agency becomes a realistic structure, provided that the respective actors understand that they are handling not simply the production of infrastructure through bricks and mortar, but that they are involved in a qualified territorially-based network development process. It is a process characterized by dynamism and complexity rather than by the linear and instrumental action of developing an urban infrastructure.

While the MBDA is involved with urban renewal through innovation and creativity in a pre-defined area, researchers – such as *Uhlin, Rangnes and Synnavag (2000)* – are directly involved with the core matter of innovation and triple helix. This difference corresponds to the previous points which claim that in order to understand the urban renewal and its management aspects, the urban developer has to engage deeply in matters of content. In addition, an urban dimension is suggested as the discourse of systems of innovation.

These institutional aspects are vital to bear in mind when one analyzes the MBDA as a mechanism for urban renewal. It is obvious that urban development and innovation represent two completely different system designs that have to be moulded, demanding a high degree of integration from the actors in the two fields. Urban development and planning is regularly conducted/addressed as an activity of linear rationality, whereas innovation is characterized by non-linearity and complexity. Many people have double roles, acting in both systems and there is a reason to query whether they are aware of the differences between these roles of linearity and non-linearity. The argument is made that, to fulfill the role of non-linearity, a special purpose vehicle such as the MBDA can create the required avenue of implementation. One will find that a person in the practical working situation will fluctuate between managing a linear urban development situation and the role of facilitating a non-linear system of innovation and complexity, within a single day.

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It is tempting to view the urban design process as a tool for the management of complex innovation processes, due to its integral role in the local territory. Besides its role to manifest mutual investments that confirm the new structure, this side-orientated role carries an opportunity to facilitate the system without direct involvement in the means-and-ends of the technological system in itself.

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CHAPTER SIX

ASPECTS OF TERRITORY IN INNOVATIVE URBAN RENEWAL DEVELOPMENT: INTERNATIONAL EXPERIENCES



The restored Edward Hotel (facing the redeveloped Donkin Reserve)

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6.1 Introduction

The chapter discusses the purposeful attempt made to conceptualize and implement projects within a designated area through an innovative approach to create a successful cluster that is competitive and contributes to local economic development.

An urban renewal process in a designated area is an innovative, interventionist approach that creates dynamic places that will serve as a base for private sector investment in a residential, retail, office and tourism/entertainment/leisure cluster.

6.2 Technopoles as the physical representation of systems of innovation

The discussion so far has shown that systems of innovation can be difficult to implement. This is more obvious when discussing the triple helix concept, as it relates to issues of complexity in connection with urban development. The study assesses methods of innovation through physical representation, which collectively become a cluster of urban renewal.

Thomas Marcus (1989: 13) regards buildings as vehicles for social meaning. *Jan Gehl, Urban Quality Consultants, Copenhagen, Denmark (2006: 23),* an urban design specialist company in Denmark, states: "First life, then spaces, then buildings". Buildings are products of new technologies. Just as there was a range of specific buildings representing the new functions linked with the industrial revolution, today the formative forces of the production structures are based on systems of handling information rather than on steam power *(Marcus: 1989:11).* In today's buildings, however, the strong labels that establish the identity between place and activity are still lacking.

A corresponding image for the new economy is "just imprinting itself in our consciousness". *Castells and Hall (1994)* refer to this as the, "twenty first century industrial complexes", in their study, *Technopoles of the World.*

The changing terms in the global economy have initiated a wave of worldwide re-industrialization that often takes the form of "technopoles", the image of which comprises "groups of low, discreet buildings in a campus-like atmosphere, usually displaying an air of quiet, good taste" *(Castells and Hall: 1994:1). Castells and Hall* use the overarching word "technopole" to describe various outcomes of the phenomenon. They have borrowed the word from France, where it is a generic term for a range of "developments" *(Castells and Hall: 1994:1*).

By "technopoles", *Castells and Hall* refer to: "Various deliberate attempts to plan and promote, within one concentrated area, technologically innovative, industrial related production: technology parks and science cities." Or: "Specific forms of territorial concentration of industrial innovation with a potential to generate scientific energy and economic productivity" *(Castells and Hall: 1994:10).*

Castells and Hall started their analysis in the famous origins of the technopoles, e.g. Silicon Valley. Gradually, they have come to the conclusion that most of the older major metropolitan areas such as London and Paris remain among the leading innovative and high technology centers of the world. Subsequently, their interest shifted from deliberately

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planned technopoles to semi-spontaneous technopoles to the giant metropolitan technopoles within an urban renewal backdrop.

6.3 Cities and regions as critical agents of economic development

In a world economy thats productive infrastructure is made up of from information flows, cities and regions seem the critical agents of economic development. This has become the *status quo* in South Africa, where metropolitan areas have extensive and significant powers in the innovation of economic development and the creation of infrastructure.

Local governments are the flexible units for adaptation to changing conditions in the market, in the technological and cultural environment of their cities. Regions and cities, as compared to nations, have a greater response capacity to change and for generating targeted projects together with multinational firms and other local actors. In the process of generating new growth, they interact with each other in a competitive fashion. This collective to, "create a better place to live" and a more effective place to do business is in itself a source of innovation *(Castells and Hall: 1994:7).*

The changing conditions in the market of an area are caused by three inter-related historical processes. These processes are:

- A technological revolution mainly based on information technology
- The formation of a global economy that structures all the economic processes and that works in real time in a worldwide space
- The emergence of a new form of production and management that is termed informational, based on the fact that productivity and competitiveness are increasingly reliant on access to and processing of appropriate information *(Castells and Hall: 1994:3).*

The implications are that the initiation of infrastructure projects needs to be in response to the information received from the marketplace and thus indicative of customer needs. The creation of infrastructure projects therefore, is not only an architectural model, but also a reflection of the needs of a specific society in a specific city or region. Networks are the critical form for this flexible process of production and they include networks between small and large firms and between small firms themselves and within large firms that decentralize their internal structure *(Castells and Hall: 1994:4).*

New information technologies are important for these processes on several levels. They form the material basis for integration worldwide and industrial producers of this technology are the faster growing sector of the economy. The information-driven technological transformation of the economy requires a rapid modernization process of all sectors, so that they are able to compete in an open economy. However, only in a region or locality where innovative informal processes take place, can a generation of new ideas and new forms of organization and management occur in a creative manner *(Castells and Hall: 1994:6).* Thus, the capacity for technological diffusion becomes even more critical than the development of high technology production.

The physical representation that answers to these changes in the production system is what is referred to as a *technopole*. In general, technopoles are planned developments. Some of them are promoted by central or local government, often in association with universities. These

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kinds of environments for developing informational economy follow the same structure wherever they are located. Normally, they contain institutions of quasi-public or non-profit types of organizations, such as universities or research institutes, which provide for the basic function, i.e. to generate information in raw material form for the informational economy *(Castells and Hall: 1994:6).*

Contemporary examples around the world and in South Africa span a range from deliberately planned projects - such as the Silicon Valley project in the United States and the International Convention Centre precinct in Cape Town - to metropolitan areas such as London and Cape Town in the role as major innovation and high technologies centers. This leads *Castells and Hall* to the concept of a "milieu of innovation" with which they understand: "…the social, institutional, organizational, economic and territorial structures that create the conditions for continuous generation of synergy, and its investment in the process of production" *(Castells and Hall:1994:9);* or "…a place where synergy operates effectively to generate constant innovation, on the basis of the social organization specific to the production complex located at that place" *(Castells and Hall: 1994:225).*

The capability to create such an environment, they conclude, has now become a critical factor for economic development.

6.4 An initial benchmark: Silicon Valley (San Francisco)

Silicon Valley, located south of San Francisco, is according to *Castells and Hall* the origin of the new structures for production in a knowledge based economy. In 1989, Santa Clara County, where Silicon Valley is situated, had a concentration of 330 000 high technology workers and 6000 qualified to Phd level *(Castells and Hall: 1994:12).*

When discussing how to create this kind of technopole in other parts of the world, it is easy to forget the long history and specific circumstances around which Silicon Valley grew. Although the area lacked a prior industrial basis, it had significant history in electronics and innovations. In 1912, the vacuum tube was invented by De Forest, who worked in a firm originally formed by a Stanford graduate with support from the university. Stanford University played a crucial role in the development of the new economic infrastructure, which was furthered when Frederick Terman became professor of radio engineering. Later, during the 1950s, he entered the roles of Provost and Vice-president of the university. Terman was convinced that the link between industry and university was critical and went as far as to put forward his personal funds to encourage his graduates to start up electronic firms. This resulted in the beginnings of well-known corporations such as Litton Engineering Laboratories in 1928 and Hewlett-Packard in 1938.

This development was supported by a growing demand for new commercial properties from firms who were interested in moving closer to the university to gain access to academic research. The city of Palo Alto supported the income generating ideas of the university, and together the two parties laid out guidelines for the types of operations that would be most acceptable; namely smokeless light engineering with a preference towards research-orientated businesses and buildings that fit with the park-like setting of the residential neighbourhood in the area.

The 300 hectares of park grew, because of advantageous property leases to firms of excellence in electronics technology and with close contacts to the university. By 1955, there

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were 7 firms; by 1960, 32 firms; by 1970, 70 firms; and by 1980, 90 firms with 25 000 workers recorded *(Castells and Hall: 1994:16)*. The park today forms merely a minor part of the region of Silicon Valley, the development of which is as multi-faceted as any other national development.

The explanation behind the extreme successes in Silicon Valley in the early stages was linked to the universities, Stanford, Berkeley, Santa Clara and others. The later stages of this research and development capacity saw it shifted more towards research in the industry, although cooperative research programs continued to link universities and firms. But, the basic explanations are to be found in the Silicon Valley culture – associated with its attitudes to work and the work place as a primary focus of social activity, its motivation by a feeling of being at the cutting edge of the society and the positive perception concerning the work as opportunity for innovation - and are thereby linked to entrepreneurialism. Other features are the extreme individualism and strong loyalties to the companies, all contained in a rather restricted area, seventy by fifteen kilometers.

If there is anything to learn from Silicon Valley, it is connected with clustering of the three fundamental production factors: The new raw material of scientific knowledge and advanced technological information, high risk capital and the availability of highly skilled scientific and technical labour. The whole project was conceived and implemented by an institutional entrepreneur, Frederick Terman, but the Valley itself created the social networks necessary to generate the creative synergy.

6.5 A South African experience

6.5.1 The International Convention Centre precinct in Cape Town, South Africa, as a case study

It is obvious that Silicon Valley and Cape Town, South Africa share little congruence regarding their urban and historic positions, but in both cases, it is the clustering they have in common that catalyzes the emergence of further development. In 1995 the City of Cape Town began to grasp that it had fallen behind the other strongly commercially driven cities, such as Johannesburg. Under the auspices of the Western Cape Trade and Investment Promotion Agency, commonly referred to as Wesgro, international consultants were appointed to ascertain what the future clusters of Cape Town and the wider Western Cape region should be. The research group came up with a number of clusters which they believed would drive the economy of Cape Town and the Western Cape in the future. These clusters were:

- Petro-chemicals
- Tourism and convention business
- Downstream steel
- Financial services
- Agriculture.

For a number of years thereafter, the construction of a convention centre as a catalyst for tourism and international spending in Cape Town was debated. It was only with the legalization of gambling that the idea became a realistic option.

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The legalization of gambling in South Africa was perceived by many as an unnecessary vice that would bring social decay in a country that is already battling to cope with a wide array of social woes, such as unemployment and crime amongst others. Anti-gambling protesters argued that the South African society is not sufficiently developed to cope with an industry that diverts money from normal household budgetary expenditure to the many forms of gambling that suddenly became legal. Protesters also argued that gambling taxes are further taxation of an already over-taxed society. Many of these arguments were justified and the legalization of gambling was clearly an issue, which had to be dealt with carefully *(Voges: Masters Thesis: 2004:3).*

Politicians were in a particularly difficult position in the creation of legalized gambling. As the custodians of a well-managed political system through proactive policies which should benefit the country and its people, they had to devise a policy which could balance the advantage of additional tax revenue and the disadvantage of adding to the social ills of South African society. In terms of the Constitution of South Africa, gambling was a concurrent competence between the national and provincial government. The respective provinces each had an opportunity to develop gambling policies that would be beneficial to their own situation. Although the National Gambling Act (Act 33 of 1995) provided the broad parameters in which provincial legislation had to be developed, provinces and cities had ample opportunity to be innovative in respect of the provincial and city gambling legislation.

The individual role played by the then Cape Provincial Minister of Finance, Leon Markowitz, and an innovative RFP for a casino operators license in the Cape Metropole, led to the gambling legislation used to ensure that casinos were developed, not only to create larger revenue pools, but also to provide tourism infrastructure, in this case, an international convention centre.

The Western Cape Province moved somewhat slowly in the promulgation of provincial gambling legislation. There was a clear realization that gambling was going to have a massive social impact on the population of the Western Cape. The role-players had therefore, a clear objective to find the means to develop casinos in such a way as to offset the negative impact of gambling *(Interview with Ian Douglas, Chief Executive Officer of Grandwest and former Chief Executive Officer of the Cape Town International Convention Centre: March 2010).*

The objective was to utilize the casino operators' license for the Cape Metropole to create infrastructure that would not have been there were it not for the allocation of the casino operators' license. Such infrastructure is normally in high demand in cities or regions, which are emerging as tourist destinations, but the infrastructure would not be developed by the government, as the capital cost was too high, nor by the private sector, as the profit margins were too low.

Since 1994, Cape Town and the Western Cape have gained prominence internationally as a tourist destination. It became clear early on that the city would not be able to cope with the influx of tourists due to the lack of hotel rooms and other tourism infrastructure. It was also obvious that the tourism industry would not demonstrate the required growth without facilities such as a convention centre. A convention centre became an urgent requirement in Cape Town, as convention business had become a rapidly growing industry with a potentially significant impact in terms of convention expenditure and resultant economic impact on the

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city. A wide range of businesses feed off of a convention centre and this interlink forms a cluster in itself. These businesses include catering, video production, filmmaking, entertainment, and other creative, eventing and entertainment industry companies.

The Western Cape developed gambling policy determinations that made it clear that in the case of the Cape metropolitan license, casino bid companies were obliged to include tourism infrastructure that would add value to a particular region. It was made clear that such infrastructure should not necessarily be linked to the casino and could be off-site (i.e. not on the casino site itself). The determinations were clear in the stipulations, that stand alone casinos would not be entertained in the adjudication process *(Voges: Masters Thesis: 2004:4).*

The development of the international convention centre became the most important criterion in the allocation of a casino license in the Cape Metropole. Although the casino bid companies included different kinds of infrastructure in their bids, as requested and stipulated in the RFP, the development of an international convention centre became a strong factor. The casino license for the Cape Metropole was allocated to the company that included the development of an international convention centre in their bid application.

Although convention centers themselves are rarely profitable, through the further development they catalyze, they have been shown to "facelift" the outside perception of cities and regions in terms of their potential economic forecast. This would be not only in terms of urban renewal opportunities, but also in attracting domestic and international convention centre delegates' expenditure and expenditure on hotels, food, beverages, transport and general tourism. The directly and indirectly induced economic impact of this expenditure in the Western Cape and Cape Town resulted in the off-setting of the negative social impact and ensured that the benefits of the legalization of gambling would be extended to projects that would otherwise, in the absence of a casino license allocation, be unlikely developments.

The Western Cape Gambling and Racing Board applied a high degree of innovation and creativity in writing the RFP. It was written in such a way that it forced casino bid companies to include a convention centre in their casino bid proposals. The Cape Town International Convention Centre **(CTICC)** was the catalyst for a further precinct development. This, in respect of international hotels, the construction of the Roggebaai Canal between the CTICC (also developed through casino funding) and the Victoria and Alfred Waterfront and significant property development along the lines of retail, residential, office and tourism / leisure / entertainment. Before the development of the CTICC and the Roggebaai Canal, the area between the CBD and the Waterfront was a wasteland infected with crime. Today, it is a successful office, residential, entertainment/leisure precinct linking the CBD and the Waterfront.

6.5.2 Johannesburg, South Africa, as a case study

Johannesburg has put substantial resources into reviving its central business district, a victim of the 1990s capital flight to the northern suburbs. Crime rates are down due to intensive policing; occupancy rates are up, due to a combination of quality properties and low rentals. Investment is increasing as confidence improves. Cleanliness has returned. The Gauteng Government, the biggest tenant in the inner city with 120 000 square meters, is successfully developing the area round Market Square as a government precinct.

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In the mid nineties, former President Thabo Mbeki enunciated the first democratic vision for the city centre. Known as the "Golden Heartbeat of Africa", the vision was negotiated over the preceding eighteen months between the first representative local and provincial governments and organizations representing community, labour and business. In 2000, the process received a massive boost when the city's first Executive Mayor, Amos Masondo, announced that the inner city was to be one of the six priorities of his term in office. The City, which up until then had been prioritized nationally as if a stepchild, became a mayoral priority.

As part of the Inner City Regeneration Strategy, sixty two initiatives were identified and the inner city as a whole saw the fruition of both major and minor projects contribute to a major turnaround of inner city property values *(Holden: South African Property Review: November 2011:22).* The Inner City Regeneration Strategy was a bold private sector response to a derelict inner city. The developers were risk takers in a property boom and bold individuals able to see the commercial potential of the inner city and often made a lot of money out of this vision *(Financial Mail: May 2010:89).*

The objective of the city government's Inner City Regeneration Strategy is to raise and sustain private investment in the inner city, leading to a rise in property values. The components of the strategy are:

- Intensive urban management, including improvements of by-laws, management of taxis and informal traders
- Upgrading and maintenance of infrastructure to create an environment attractive to both residents and business
- Support for those economic sectors that have the potential to thrive in the inner city and encouraging growth in these sectors
- Discouraging "sinkholes", meaning properties that are abandoned, overcrowded or poorly maintained and which, in turn, will pull down the value of an entire street area by discouraging investment
- Encouraging the ripple effect that can lift an entire area *(Interview with Neil Fraser: Executive Director: Johannesburg City Partnership).*

In 2007, the City launched the Inner City Regeneration Charter. It reflected a balance between pragmatism and idealism *(Holden: South African Property Review: November 2011:22).* The Charter had its problems and has often been seen as localized, fragmented and episodic. It has been critiqued as not always sensitive enough to the circumstances of the poorer residents and informal businesses *(Holden: South African Property Review: November 2011:22).*

The Charter is a strong lead vision and has the potential for success if the vision is maintained and progress is continuously monitored against the set vision. The City Charter has set out a number of key performance areas, which are not all related to infrastructure, but also to services and maintenance. These areas included leadership, urban management, inclusive partnerships, infrastructure upgrading, safety and security, public spaces, arts, culture and heritage, economic development, transportation, community development and residential development. The *Johannesburg Inner City Common Vision, Shared Success (2011:24)* states "The successes of urban regeneration have not come about through the actions of any one party alone. Instead it has relied on collaboration between city authorities, the private sector and community organizations".

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The provincial government responded through an initiative to develop Gauteng as the "Smart Province", channeling funds into strategic inner city projects via Blue IQ, the province's financial intermediary. Business, recognizing the emergence of a strong political will backed by serious public sector funding, became a willing partner investing in city properties.

It needs to be stated that the presence of big corporate companies in the Johannesburg CBD, such as Goldfields and Sappi and financial institutions, such as Standard Bank, assisted greatly in the revival of areas such as Braamfontein and Newtown. The presence of these is a luxury that is not present in the city centre of Port Elizabeth, hence the need for a stronger bottom-up approach and a much stronger interventionist approach in Port Elizabeth.

6.6 Large metropolitan cities in the world as centres of innovation

Some cities in the world have shown a remarkable record in technological innovation and urban renewal. Many of these cities have a very industrial background and had to diversify their economies and reverse decayed areas into places that are destinations for retail, residential, office and tourism/leisure/entertainment. These cities have a remarkable resemblance to Port Elizabeth due in term of its blue collar industrial background. A number of cities exist in this regard, such as Newcastle/Gateshead (United Kingdom), Marseilles (France) and Dublin (Ireland).

In terms of urban renewal in South Africa, Cape Town has by far been the most successful city. Johannesburg has achieved a reasonable measure of success. Cape Town is one of the world's most beautiful cities and its road to urban renewal and the success thereof was not as bumpy as would be in any industrial city. Johannesburg is still the home of big corporates, such a Liberty Life and Anglo American so, although urban renewal in the Braamfontein area was difficult, even in the worst of capital flight years, the area never suffered a complete loss of its corporate presence.

The following case study of Newcastle/Gateshead is relevant to the study in that the city concerned shows remarkable similarities with Port Elizabeth. Both these cities have a very industrial background. Both have had huge external economic shocks, such as the closure of the Ford motor manufacturing factory in 1986 in Port Elizabeth and the closure of the coal mines in Newcastle/Gateshead. The case study is based on a visit to Newcastle in 2006 and an interview with Professor Peter Stark, one of the architects of the urban renewal process in Newcastle/Gateshead. Professor Stark worked as a consultant for the MBDA and has been part of the design team for its Donkin Reserve redevelopment project.

6.6.1 Newcastle/Gateshead, United Kingdom, as a case study

Background

Newcastle-Gateshead is often portrayed as an example of the revitalizing benefits of culture-led regeneration: urban renewal in which cultural facilities take centre stage in the redressing of an area's degraded reputation. By designing eye-catching museums and theatres filled with important works of arts and artists, the area should acquire a new purpose and identity. Several English cities (Liverpool, Manchester and Bristol) have sought to incorporate production and consumption of culture as part of their efforts to sustain a new

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industrial future in the post-industrial world, where cultural investment provides an alternative to the de-industrialized past.

The creative ethos is increasingly dominant in developed societies; creative cities are thriving because creative people want to live there. This indicates the potential of culture as a powerful means of attracting creative people into the city. Commentators, however, are eager to highlight that cultural strategies simply reflect the utter absence of new industrial strategies for growth and serve only to increase social exclusion. This is because these investments articulate the interests and tastes of the post-modern professional and managerial class without solving the problems of a diminishing production base, growing disparities of wealth and opportunity, and the multiple forms of social exclusion.

Newcastle and Gateshead are two city councils on the bank of the river Tyne in the north-east of England. Both cities were hit hard by de-industrialization and the closure of the coal mines in the second half of the last century. Many people left the area and social problems increased rapidly for those who were left behind. In the nineties, both city councils decided to put aside their mutual competitiveness and established a partnership to bring people back to the city center and to tackle the persisting social problems. At the time Gateshead was one of the thirty-five most deprived areas in England.

Culture-led gentrification in Newcastle-Gateshead

Newcastle-Gateshead Quayside has in recent years undergone a remarkable transformation. Millions of British Pounds of public and private investment have revitalized the Quayside, both in the eyes of its people and, perhaps even more so, in the eyes of the outside world. This revitalization centers around three iconic pieces of architecture - the Baltic Contemporary Art Gallery, the Sage Gateshead Music Centre (designed by Foster and Partners) and the Gateshead Millennium Bridge - which together have served to redefine an area of industrial decline.

The Baltic is a new contemporary arts centre that overlooks the River Tyne. The Arts Council and National Lottery funded project saw the conversion, by Gateshead Borough Council, of a 1940s grain warehouse into the largest gallery for contemporary art in the United Kingdom. It aimed to attract 400 000 visitors annually. Originally conceived as an “art factory”, a place for artists from all over the world to work, the Baltic has no permanent collection and boasts five generous spaces for contemporary exhibitions.

The reinvention of Gateshead Quay, which also includes residential developments and two international hotels, is linked to the Newcastle side of the Tyne by the Millennium Bridge – the world’s first tilting bridge – which was opened in September 2001 and won the RIBA Stirling Prize for architecture in 2002.

In combination, these developments have given new life to Newcastle-Gateshead quayside, providing the region with a renewed public focal point. In almost every writing or documentary on the north-east of England, at least one of these buildings is mentioned or depicted. It is, however, important to remember that the development of the Quayside was not without its political tensions. The history of the relationship between Newcastle City Council and Gateshead Council has not always been an easy one. What united both city councils was a shared belief in the importance of public art for the regeneration of the area.

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The role of public art

Gateshead Council first became involved with public art in the early 1980s when they decided to bring art to the public with a series of outdoor installations - this, because they did not have their own contemporary art gallery. The early works were so successful, that in 1986, the formal public art programme was launched. The programme is directly connected to urban renewal. Art should not only be exposed to the public, but also used as a means to help residents relate to their environment:

The primary motivation for the creation of public art is to provide a "sense of place" through unique works of art visible daily to the public, which helps to create a quality environment *(Gateshead Council Minutes: May: 2006:6).*

Public art should contribute to *attractive, functional and flexible* streets, buildings and public spaces. Artworks and the role of the artist in this context, enhance the fabric of the urban framework, involving the public through the creative process, adding value and creating a sense of ownership. Through the commissioning process, the work of artists should positively impact on social exclusion issues, to create civic pride and improve the general quality of design.

Artworks can be found in the streets, at Metro stations and on the riverside, amongst other locations in Newcastle-Gateshead. Each work has been individually designed for its specific site and many incorporate references to local history. Residents have been actively involved in developing the program of art, and thousands, from children to pensioners, participated directly by making their own art at the Shipley Art Gallery and the annual sculpture day in Saltwell Park, which attracted over 200 000 visitors.

Twenty years after the public art program started, Gateshead has a legacy of more than 30 major works by leading artists, including Richard Deacon, Andy Goldsworthy and Antony Gormley – most paid for with cash won from sources such as the Urban Program, Arts Council, Northern Arts, Henry Moore Foundation and local sponsors.

One of the most famous pieces of public art in Gateshead is the *Angel of the North*, designed by Anthony Gormley. Measuring 20 metres in height and 54 metres across, the statue stands on a site that was once occupied by a colliery at the A1/A167 road interchange. This is the main Southern approach to the borough and the Tyneside conurbation. Due to its location and size, the statue is viewed everyday by 90 000 people in passing from the road and railway nearby and receives 8 000 visitors per week. Research shows that the sculpture is one of the most recognized symbols in the North-East of England and people have used it as a celebratory location/gathering point for events such as the eclipses, pre-wedding ceremonies and New Year's Eve. In 2002, the *Angel* was voted one of the 'Wonders of Britain' in a national survey carried out by Yellow Pages. Interest in the *Angel* has not always been as kindly as it is today. During the planning and building stage, the statue was heavily criticized by the local and national media, comparing it to Nazi symbolism and questioning the "large waste of tax payers' money". A turning point for the local residents was a daring dawn raid on April 30, 1998 by Newcastle United fans, who hoisted a giant-sized replica of a local football hero's shirt on to the 65ft statue and draped it across its chest. Ever since, public opinion has changed about the sculpture and the *Angel* has become a source of local pride.

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The *Angel of the North* promoted the image of Gateshead as adventurous and forward-looking and symbolized what Gateshead Borough Council could achieve in urban renewal through public art. This gave investors the confidence to invest in the renewal of the Gateshead Quayside and allowed the council to secure £48 million for the refurbishment of the Baltic Flour Mill into a public museum for Modern Arts. According to the Council, public art has helped reclaim derelict areas, creating new social spaces and providing links between Gateshead Town Centre and the cultural facilities located on the Gateshead Quays.

The success of culture-led regeneration is dependent upon the degree to which the reinvention of the urban landscape fits in with, rather than being foisted upon, the identity of the place concerned.

It is suggested that the success of investment in iconic cultural projects depends above all upon people's sense of belonging in a place and the degree to which culture-led regeneration can engage with that sense of belonging, whilst balancing achievements of the past with ambitions for the future *(Interview with Peter Stark, Consultant, Newcastle Urban Renewal Programme, United Kingdom, December: 2009).*

According to *Stark*, this is exactly what happened in Newcastle and Gateshead. By using public art as a participatory tool in urban renewal, both councils have been able to link the regeneration of the area to the local culture and identity, and in so doing, strengthened the local identity. The redevelopment of the Newcastle-Gateshead Quayside has successfully tapped into and reconfigured the place identity of the area by giving the people of the region something tangible with which they could reassert their collective identities. This need to reassert their collective identities is, according to *Stark*, linked to the history and position of the North of England. *Stark* describes this identity as proud and truculent.

A northern upbringing frequently involves the inculcation of an unusually powerful set of attachments to place; a deep rooting in a particular physical, social and cultural environment. At the same time, however, those loyalties are strongly inflected, almost from the outset, by awareness of a questionable place within the larger social and political geography of England.

A strong sense of place, combined with a second rate position, breeds an aggressive form of pride with which Northerners try to re-establish themselves in relation to a dominant South and a foregone industrialized past. The need for regeneration was as much cultural as economic and for *Stark*, this is the key for culture-led regeneration to succeed. *Stark* argues that redevelopment of the Newcastle and Gateshead Quaysides was underpinned not by economic imperatives, but by a will and determination on the part of local arts activists and politicians to provide the area with more and better cultural facilities. He argues that this was not only because of a lack of cultural facilities or because of a lack of cultural awareness among local residents, but also because the local authorities sought to use large public works of art as a means of signaling the intention to regenerate the locality.

By using public art in urban regeneration, the councils of Newcastle and Gateshead not only improved the area's cultural facilities, but also improved the local identity. The regeneration succeeded, *Stark* argues, precisely because the local people took ownership of them, not as exclusive symbols of wealth, but as sources of local pride that regenerated a local source of identity as much as they did the local economy. As such, the regeneration of the Newcastle and Gateshead Quayside, "might well be interpreted as representing the radical reassertion of a rooted identity in new ways and therefore represent something far more significant than the

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inevitable end-product of cultural commodification" *(Interview with Peter Stark: December 2009).*

By using public art as a participatory tool in urban renewal, the deprived living environment acquired new meaning for residents, resulting in more attachment and stronger feelings of ownership towards the environment. By emphasising the cultural heritage of places and by using this heritage in the re-development of the area, the councils were able to appeal to the identification of residents with the area and (re) instil a sense of pride in the places where they lived.

6.6.2 Dublin, Ireland, as a case study

Dublin is a good example wherein economic and political forces can be used to create new forms of urban identity. At the end of the eighties, understanding the connections between places and prosperity gained a particular urgency in the face of the increasing economic exclusion in Dublin of that period. The emphasis on city re-imaging and boosterism and the promotion of shareholder interests at the expense of community stakeholder concerns, produced the social polarization of the eighties and resulted in the gated communities of the wealthy and the marginalized reservations of the excluded poor *(Bartley:2006:4).*

The urban development corporation, the Customs House Docks Development Authority **(CHDDA),** was established under the Urban Renewal Scheme of 1986, central government legislation, to implement the regeneration of the redundant Customs Docks site in the North-East area of the city centre.

The CHDDA produced a planning scheme and enabled appropriate development to fast-track or by-pass the existing statutory planning systems to regenerate the unused and derelict docklands area. It was described as unexploited wasteland, albeit in a unique location close to the city centre and fronting onto the River Liffey. The government provided the CHDDA with a repayable loan and the main objective was to create a high quality office and residential environment to make the Customs House Docks a flagship development. The decision was also made to create a financial services centre for Ireland on the site and to locate the International Financial Services Centre **(IFSC)** on the same.

Significant financial incentives were provided to develop the site. These included:

- The lowest corporate tax to banks which locate on the site
- Double rent allowances for occupiers
- 100% capital allowances for investors

The development was inextricably linked to tax incentives. The incentives were introduced in 1986 to facilitate the regeneration of the Custom House Docks and permitted higher capital allowances than in any other area of Dublin, contributing to confidence levels and resulting in the construction of the first office blocks.

CHDDA brought about an economic upturn through the physical regeneration of the area. It set the tone for the future development of Dublin and surrounds *(Interview with Jerry Barnes, Senior Urban Planner, Dublin Docklands Development Authority: March 2008).*

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The development made some mistakes though and one important one includes the criticisms that the local community had no say in the development and that the economic *trickle down* to local people was insignificant. The project imported skills from the international financial services community, but these were skills not sourced from amongst local residents and these local residents were subsequently excluded from the development benefits.

Despite the economic and regeneration/physical success, the lack of a trickle down to local communities became an "achilles heel" to the project *(Bartley: 2006:45). Bartley (2006:46)* further mentions that "…there has been little benefit to date from the redevelopment of the site to the neigbouring communities in terms of employment, amenity and facilities. Social problems, such as drugs, poor education attainment and marginalized communities remain".

Despite the economic, political physical regeneration success, a Community Liaison Committee was established to attend to the social problems of Dublin. There were also lessons learned in that local communities had to redefine themselves, given the gentrification and the influx of so many new people. A truly integrated approach brings together the previously excluded people and the "yuppified" enclaves *(Bartley: 2006:4).*

The lessons learned from the mechanisms created to jumpstart physical redevelopment using a heavily streamlined approach, prompted that, "…such an approach raises important questions as to the nature of the planning approach being used and its relationship to the surrounding local authority. Such questions relate to the planning approach of the Dublin Corporation, and most of all its relationship to the adjacent communities and their participation in or benefit from such an undertaking" *(Bannon: 1999:170).*

The success of the urban renewal project in Dublin was due to the co-operation between central, and local government and in particular the entrepreneurial approach of the local authority – the Dublin Corporation, showing commitment by not leaving the future of the site to chance and the markets and through an interventionist approach.

In recent times, particularly with the international economic recession, the project has come under increasing financial strain. The project is now be criticized as having been too daring and financial unsustainable. The argument is also made that contemporary "big bang" urban planning (characterized by large scale, rapid planning and development processes) often drives precincts that fail to deliver high quality urban design *(Searle: 2011: 2). Searle* argues that over-scaled precincts have failed to produce human scale, pedestrian intimacy and visual variety that also characterize the Melbourne Docklands development. *Searle* claims that these "exceptional measures" in planning have been characterized by less democratic and more elite driven projects. *Searle (drawing from Farelly: 2011)* argues that the inherent conflict in "big bang" development authorities between developer and the authority consent roles cause their preference for economic/financial issues over civic issues.

6.6.3 Birmingham, United Kingdom, as a case study

Birmingham is an excellent case for urban renewal wherein the central government has invested heavily in the central business district, but where the private sector response was not immediate.

Whilst investment was ongoing, the socio-spatial impact of economic restructuring and the resulting policy response was extremely uneven in Birmingham. *Barber and Hall (2008:281)*

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refer to the dominance of a "boosterist" discourse which is significantly tempered by the uneven and enduring economic divides within the city and the partial nature the city's overall recovery.

Barber and Hall (2008:282) make the point that the discourse of the so-called urban renaissance has become dominant to the extent that claims of economic and social transformation are made in respect of entire cities on the basis of development in the central business districts. The success is often in terms of improved competitiveness or inclusion as expressed in positive economic and social outcomes *(Barber and Hall: 2008:282).*

The long decline of Rover and the final closure of the Longbridge plant in 1995, set in motion a serious urban decline in Birmingham. During the industrial revolution, Birmingham and the West Midlands became the pre-eminent manufacturing region in the United Kingdom and developed an industrial structure based on small firms with highly skilled workers. Birmingham began to perform poorly in the sixties. This was indicative of long-term structural decline rather than of a cyclical problem. Between 1965 and 1981, Birmingham and the West Midlands lost 370 000 manufacturing jobs. In the mid-eighties, the City Council realized the problem and began taking pro-active steps.

The City Council developed a strategy that consisted of a cluster of flagship projects, new spatial and related investments and the promotion of the *living city*. The intention was to develop a new business and tourism sector, such as the Jewellery Quarter, in the central business district. Projects included the pedestrian priority, the pedestrianization of New Street, linking the two new traffic-free public squares and the extensive upgrading of the canal network environment. This was followed by private sector investment, such as:

- Brindlyplace, a mixed-use development, combining offices, restaurants, cultural amenities and private sector-housing
- Broad Street leisure area, a multitude of new bars, clubs, restaurants and leisure / cultural amenities
- The Mailbox, a major canal-side mixed-use development, comprising offices, restaurants, high-value retailing and hotels
- The Bullring, a redevelopment of an outdated 1960s centre to provide a retail complex of regional importance.

The final element of the strategy was to encourage the growth of a CBD residential population by creating the conditions for new private housing investment. In the early 1990s, Birmingham's city center population was limited primarily to residents of post-war social housing.

Birmingham's urban renewal was driven by a couple of "waves" *(Barber and Hall: 2008:285),* strong political consensus, public sector investment and direct private sector investment. *Barber and Hall (2008:289)* questions though – that although the developments in Birmingham are accompanied by "boosterist" hype through the extensive physical transformation of the central business district, through proclamation by politicians and city marketing efforts – ***whose urban renaissance was it really?***

Barber and Hall (2008:292) claims that there was little connection with local people during the developments and that the deprived local population did not see much of the envisaged trickle down impact of the urban renewal. A number of policies were launched to rectify

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these aspects of the matter. These included the direct connection to new employment opportunities created in the city center with central city communities, the adaptation of the city regeneration agenda to encompass a broader range of objectives, activities and beneficiaries and, to fundamentally alter the spatial approach to economic regeneration policy. These policies are currently being implemented.

Liverpool (United Kingdom) and Cardiff (Wales) have been through similar processes, as the economies of Liverpool and Cardiff show strong similarities to that of Birmingham. In the urban regeneration of both Liverpool and Cardiff, evident is that competitiveness and its emphasis on competitive advantage have emerged as a dominant discourse in local economic development *(Boland: 2006:3). Boland* argues that competitiveness has become an omnipresent concept in local economic development theory and policy because it helps to secure the "path to economic nirvana". *Boland* argues that the most competitive locations are those containing the highest concentration of knowledge-based activity.

6.6.4 Liverpool, United Kingdom, as a case study

The city of Liverpool saw a similar decline to that of Birmingham. Liverpool enabled its urban regeneration around two themes, namely the *Beatles* and retail.

The origination of the *Beatles* in Liverpool in the sixties and the popularity of the band were not exploited in the city of Liverpool. Urban renewal is now very much built around this theme and the city has become a tourist attraction in this respect.

Until fifteen years ago, vast tracks of land and devastated buildings in Liverpool had been left untouched since World War II. During the last 15 years, Liverpool One, a one billion Pound retail-led investment, has transformed and re-activated the heart of the city's development. The urban planning in Liverpool had a very strong retail motivation *(Interview with Richard Lee, Director: Planning: City of Liverpool: 2010, during a visit to the City of Liverpool).*

The major Liverpool One project, initiated by Liverpool City Council in 1999, was completed by the appointed developer, Grosvenor, in 2008. In terms of creating much more than a shopping centre, driving growth and boosting economic viability, Liverpool One has made a significant change, not only in terms of retail, but also in terms of the economic growth of the whole region.

By the late 1990s, following decades of decline, Liverpool stood a lowly 17th in the United Kingdom national retail ratings, a huge decline for a city that boasted a vibrant retail centre until the 1960s. Fewer visitors had led to a dropping off of commercial, cultural and leisure activity. Following extensive market research, the Liverpool City Council prepared a development brief to provide almost 100 000 square meters of prime retail space, determined a requirement to combat competition from out of town retail centers in Chester and Manchester.

Based on a Master Plan designed by the city, Grosvenor won the development competition to become the city's partner in 2000. The ambition, agreed by all, was to respect Liverpool's industrial urban character and create an environment of open streets, individual buildings and places of special character. The investment opportunity was dependent upon the retail content of the project, but it is important to note that Liverpool's urban regeneration was not to create a shopping centre. The idea was to keep the industrial backdrop and character of the city, a

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commitment to the idea that the city centre is the fabric of the city and hence the social and commercial heart of the city.

Liverpool One achieves its objectives by creating a cityscape of individual buildings integrated into a new public realm. The routes and spaces of this public realm weave all the uses of the development into the grain of the adjacent urban quarters and encourage movement between and through the new and existing districts.

The nature and quality of the public realm, which ties in the old industrial with the new, is critical to the perception of the new development and the effectiveness with which it integrates with the surrounding cityscape.

The Master Plan was founded upon key principles, rigorously applied, each of which contributes to the idea of the city as a totally permeable network of inter-connected places. Liverpool One is comprised of 30 buildings, each with their own identity, just like the surrounding historic city. The different massing and footprint of each building responds to their immediate context and integrates them into the existing urban fabric. The scales of the buildings and the streets have been redefined, stretching from the incorporation of the intimate three-story setting of Bluecoat Chambers to the grand civic scale of Liverpool's waterfront.

Most of the routes within Liverpool One clearly follow the historic pattern of the urban grain and blend into the development. These routes do not just bring people into the development as a destination, but allow pedestrians to traverse the scheme, using it as part of the city's fabric to reach places elsewhere in the city. With the adjoining existing retail district recently receiving landscaping treatment, the transition of the public realm into Liverpool One, is seamless.

In addition to the retained streets, a new route has been created, which for the first time makes a direct link from the retail core of the city to the Albert Dock. This route has had a massively positive impact on the way the city works and feels and resolves a spatial tension that has emerged with the city's evolution in recent decades.

The Albert Dock has become an increasingly popular place over the last twenty years since it was regenerated with museums, an art gallery, shops and restaurants. Due to its original status as a secure commercial dock, it has remained isolated from other vibrant parts of the city. Liverpool One provides a major boulevard directly to the dock, pulling together the existing retail centre and the waterfront to form a much stronger, unified, city centre.

The Liverpool waterfront continues to change from a private commercial realm into an accessible leisure destination, and the waterfront is arguably the city's greatest asset in terms of today's place-making and leisure-based urban regeneration agenda.

Interwoven into the Master Plan was a strong desire to give the project a real sense of *place* – of *being in*, and *belonging to*, Liverpool. Understanding the difficulty of making a whole district of new buildings feel specific to a place, the Master Plan takes advantage of the topography and landmarks of the city. A series of vistas was created, together with the Anglican Cathedral, Liver Building, amongst other buildings to form an urban renewal cluster. The Master Plan defined by controlling the massing and form of the new buildings to frame views, creating striking juxtapositions of new and old. This has proved to be a highly

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successful approach and the numerous views from Liverpool One into other parts of the city conform to the aspirations of integration and legibility.

Now completed, Liverpool One has had a hugely positive impact on the city and the whole region. The result is a vibrant and economically successful retail, leisure and mixed-use quarter/cluster.

Retail was the kick-start in the urban regeneration of Liverpool, although other projects, such as the introduction of its convention centre and the cruise line terminal, contributed to a wider strategy for the sustainable and mixed-use regeneration of the whole city centre.

The key success factors in Liverpool's urban renewal included political will, a well-researched Master Plan, an initiative of the local government to appoint a developer, public investment by the local government, an acknowledgement of the industrial character of Liverpool and the developer's responsive contribution. It is a lesson in a successful partnership between the city and a commercial developer on a long term lease basis.

6.6.5 The Dutch experience of urban regeneration

Urbanization began relatively late in The Netherlands compared with the rest of the First World, mainly because its industrialization also began later. The desire to modernize cities began in the 1960s, with terms such as "city forming" and "urban reconstruction" *(Needham: 2007:63).* The aim was to improve on areas with poor housing. The slogan was "building for the neigbourhood". The idea was for existing residents to have a big influence on how their area was renewed *(Dubbeling and Meijer: 2007).*

The Netherlands has a long tradition of strong government involvement in physical planning at its national and city levels. This is primarily due to the physical nature of the country; half is located below sea level behind dykes on a weak soil structure and is therefore not easy to build on. This requires governmental intervention during the preparation of land for urbanization. The country is also characterized by a high density population and a very egalitarian culture *(interview with Hedwig Crooijmans, Director, The Matrix, Port Elizabeth, having been educated in, and worked and lived most of her life in The Netherlands).*

Urban renewal started at the beginning of the seventies. It was heavily supported by national subsidies, was housing-dominated and placed the interests of the sitting residents in the old neighbourhoods at the forefront. Affordable, social housing and traffic problems resulted in development companies moving outwards to outer districts and suburbs. The concentration on housing resulted in the "freezing of social segregation behind new bricks" and an over-reliance on government grant finance *(Schuiling: 1996:279).* In the mid-eighties, this resulted in the formation of the Forum for Urban Regeneration, a forum that explored a more economic approach to urban regeneration, combining public and private expertise.

Since the establishment of the Forum for Urban Regeneration, private/public partnerships **(PPPs)** have been high on the priority list of the national government. The Dutch version of a PPP:

- Includes one or more public authorities
- Includes one or more private parties
- Works together to realize a mutually agreed objective

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- Works in one organizational framework
- Maintains the separate identity of each constituent party
- Contributes means, accepts risks and distributes yields correspondingly
- Allows for each party to continue to identify with its own objective

PPPs are organized in the form of a separate body, but also ruled by one or more contracts of civil law. Financial institutions bridge financial gaps and private investment capital is not in short supply.

Initial public investment took place in a number of areas, such as the restructuring of waterfront and railway land. The private sector slowly started to buy into and respond to public investment. Since 1990 the mega project changes in nature have predominantly been from housing to an inclusion of office-related projects. A general assessment of urban regeneration projects showed that progress has been made not only in implementing the projects, but in the progressive moving ahead with strong community buy-in.

6.7 The importance of culture in urban planning and urban renewal clusters

Culture as a planning tool has not been utilized to its full potential in South Africa. Cultural planning first appeared in print when an economist and town planner, *Perloff (1979:12)* recommended cultural planning as a way for communities to identify their cultural resources for the achievement of artistic excellence and community development. The conceptualization of cultural planning, "as a way of fostering local cultural diversity, community development and partnerships between public and private sectors, as well as positioning the arts as an industry, is relatively unknown in South Africa" *(Stevenson: 2004:17).*

Sirayi (2008:2), drawing from *Wolf von Eckhardt,* describes cultural planning as a strategy as follows:

> "…all the arts…the art of urban design, the art of winning community support, the art of transport planning, the art of safety and security planning, the art of mastering the dynamics of economic development and the art of integrating many local plans into an integrated cultural strategy and the art of integrating culture into an integrated development plan."

Cultural planning does not advocate the planning of culture, but rather the ensuring that cultural elements and cultural considerations are included at every stage of the planning and development process. With such an approach, culture is brought into the mainstream of economic development.

Cultural planning is a tool for assisting municipalities and communities to develop cultural industries and to focus their plans on areas that affect the quality of life of people. It serves as a tool for linking culture to other types of plans.

Cultural planning should be taken by South African local government as a new form of partnership and cross-fertilization among sectors – such as between academics, industry and government. In terms of its instrumentality, cultural planning has turned culture into an engine for social, economic and physical regeneration in many countries.

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According to *Sirayi (2008:342)* there are a number of requirements for cultural planning, *inter alia;* the adoption by local government of culture as a urban planning tool; using local government powers and finance to underpin the approach; and ensuring community buy-in into an arts process across the board (i.e. amongst all citizens of a particular area).

Culture imparts a tool to provide people with a sense of identity; it is a sense of identity that informs urban planning. Forward-thinking local authorities and others involved in the positive development of urban places have adopted strategies and initiated projects to limit the negative impact of cultural globalization and increase a sense of individuality and distinctiveness. Projects have ranged from the refurbishment of heritage buildings and the reworking of urban areas, to making the most of unique architectural features, to the introduction of attractive street signs, the supporting of events or festivals that celebrate local culture and the development of marketing initiatives that highlight unique assets and local identity.

Buildings, events and public spaces should be bonded together by "social glue". Culture has the opportunity to assist in the solution and at the same time serve as being part of it *(Snyman: 2006:11).*

Miles (1999: 109) explains that art and architecture have coincidental interests which extend from their shared professional ideologies and align them to the needs of developers to create enclaved places, but set them against a model of a city in which its dwellers determine or at least influence its values and form. Art as part of urban renewal art and culture create sustainable economies and it includes the means of sociation – a sustainable sense of neighbourhood and street life (*Miles: 1999: 109).*

Art and culture form an integral part of the urban renewal development plan and provides further content to successful local economic development.

6.8 The relevance of technopoles to urban renewal

The aforementioned case studies show the difficult task of promoting the growth of innovative environments in an urban renewal context. The product perspective has to be at the forefront supported by capacities to create the necessary synergistic networks.

Newcastle/Gateshead has become the example representative of a new paradigm for urban and economic excellence through the medium of culture, coupled with a number of similar environments around the world. Nevertheless, its case study also bears witness to the shortcomings that often affect planned developments.

Cities that purely direct development through a 'construction spree' demonstrate that the supposed construction carries the weakness of being a real estate project, meaning; easy to make quick profits by selling rights for entry without stressing the research and development dimension of the projects, particularly in respect of market assessments and consumer needs. Shortcomings of the same kind – problems that influence the necessary interaction amongst firms – were reported in other urban renewal examples, such as Dublin, Newcastle/Gateshead, Marseilles and Liverpool internationally and Johannesburg and Cape Town nationally.

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The findings of interest to the study of this thesis are the successes of naturally cultivated innovative environments in old and decayed urban areas. Even these metropolis-based technopoles have a strong place-related dimension, particularly under the conditions of "place-making". They agglomerate in specific areas of the cities due to the fact that, "modern science and technology require the invisible walls of organizational and commercial networks to close the environment onto itself to generate the necessary synergy within, before it can protect itself into the world as a collective unit of innovation" *(Castells and Hall:1994:159).*

Urban renewal is able to focus on creating "a node of crystallization", which aims at strengthening the capacity for sustained and constant improvement and upgrading. *(Castells and Hall:1994:162).* This is a quality that *Porter* characterizes as the "third level" of development.

According to *Castells and Hall*, the urban complexity that is needed to promote these environments may be seen as an outcome of quality; similar to those who characterize Port Elizabeth as the *Friendly City*. In this scenario, the technopole function is seen as part of an urban renewal and LED agenda, more than simply as a nice place in the urban environment.

These efforts demand the dimension of institutional entrepreneurship that can foster the kind of collective lifestyle that encourages innovation and growth. The question that arises is whether the conditions of an environment of innovation are possible to create by planned purpose.

Castells and Hall use the word 'planning' to discuss the ability of local government to create these pre-conditions *(Castells and Hall: 1994:240).* *Planning*, they say, can be a highly misleading term, used as it once was in the command economies as a substitute for competition. In the contemporary situation, the word is used to denote creation of the pre-conditions for competition and private sector investment. This can only be done on the basis of market assessment and assessment of what a city needs to provide in order to gain a competitive edge compared to other cities. A more appropriate term may be "guided development", by which (*Castells and Hall: 1994: 241)* mean "to promote and co-ordinate the result in commercial exploitation through vigorous competition within the private sector".

The more development attempts appear to be spatially isolated, the less they tend to give the desired result. Therefore, the development of a strong technopole seems to be more concerned with the ability to create a social dynamism similar to that in a large city, than about conditions typical for a property speculative situation.

With regard to the circumstances found in the discussions of technopoles, there is reason to look more closely into the strategically important issues of how dynamic social aspects may be encouraged and integrated within the urban project.

Part 3 – The story of the MBDA – will address how technopoles are used in a context of social dynamism to build a residential, retail, office and tourism/leisure/entertainment cluster that begins with well-researched infrastructure investment that provides a catalyst for private sector investment in a contribution to competitive local economic development.

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CHAPTER SEVEN

THE REGIONAL AND LOCAL ECONOMIC IMPACT OF A COMPETITIVE URBAN RENEWAL CLUSTER



The Grand Hotel – former watering hole for Winston Churchill, past British Prime Minister – prior to (left) and after redevelopment (right)

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7.1 Introduction

An urban renewal project with a bottom-up approach in urban planning can only be effective if the cluster of projects has a positive economic impact. Such an economic impact will not only be evident in the immediate area, but also regionally.

This chapter discusses the theory of the local and regional economic impact of infrastructure projects. The impact of a specific investment needs to have a multiplier effect, culminating *inter alia* in a higher GDP and employment. The output in terms of the multiplier must be much more than the input, or the capital investment.

Part 3 – the story of the MBDA – will discuss the impact of infrastructure projects, which was tested in the business and residential market through thoroughly developed questionnaires, the results captured on Microsoft Access and the data analyzed and interpreted.

7.2 Conditions for cluster development in review

The discussion so far has indicated that major urban renewal has to be developed as part of the larger urban and economic system of a particular local authority. The notion of a cluster around retail, office, residential and tourism/ leisure/entertainment is a metaphor for the "desired environment" at the MBDA, used both by the city of Port Elizabeth and by the general business environment. The creation of an enabling environment through public sector investment is the environment that will lead to private sector investment. *Michael Porter (1990; 1998; 2000)*, who pioneered cluster theory, explains a cluster as a place-related dimension, without describing it in urban characters. It was earlier suggested that this theory needs to be supplemented with a generative structure, to serve as a tool for territorially related (i.e. bounded area) development. In previous chapters, the cluster theory was adapted to the concept of urban renewal.

Innovation and technological change depend on basic and applied research. This presumes co-operation between society, industry, government and universities through the triple helix. The co-operation of such an arrangement of simultaneously active systems is stamped by conditions of complexity and is subsequently, a question of manageability. This gives the notion and practice of *proximity* a key role. Cluster theory and innovation theories, however, using the triple helix, do not explicitly make use of territorial perspectives. In real life this perspective is revealed in the discourse of technopoles.

7.3 Regional economies and the conditions of reflexivity

7.3.1 Urban renewal and the regional economy

What firms and cities do in specific contexts is in part, a product of global and national pressures. The former encompasses the global mobility of investor capital, intensifying pressures from abroad, and a homogenization of consumer tastes. Specific city (national) contexts offer opportunities for competitive advantage and challenges, which may make for new complementarities *(Boyer: 2006:13).* This does not imply that city renewal does not face the challenge of sustainability. Yet, these

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renewals will also formulate synergies and complementarities that make it easier to overcome future crisis situations in a better manner than was previously the case *(Woods: 2009:39).*

Urban renewal is often an "island" approach without consideration for the necessary regional impact. It needs to constitute part of a city's broad development plans and must eventually have an economic multiplier impact not only on the central business district, but in the region as a whole. Regions tend to be dominated by cities, which are the engines of growth. These cities are generally located in a strategic part of a region (often in close proximity to a harbour) and in the most populated area of that region. These cities tend to be the production locations for most of the outputs produced by the regional economy *(McCann: 2001:71).* If urban renewal progresses in a city centre, it will determine the degree of growth in the rest of that city's region. The inverse is also true. If the city degenerates into a state of economic decline, it sets a powerful precedent, and the region's economic deterioration is sure to follow.

Roberts and Sykes (2000:4), argue that it is no longer possible to approach urban regeneration through the promotion of urban transformation projects in isolation from the region. Urban renewal policy should be outward looking, not inward looking. This approach emphasises strategic linkages between local initiatives and partnerships, particularly at a region-wide level. This approach also locates particular areas within the wider context of a vision for the urban-region as a whole (*Roberts and Sykes: 2000:4).*

The economic link between urban renewal in a specific area of a city and its economic multiplier impact on the rest of the region is an important aspect to consider.

The theoretical framework of an economic impact analysis through urban renewal provides the basis from which to analyze the impact of urban renewal in a specific city or region. It is particularly the in/output approach that incorporates all the links that exist in the regional economy. Having identified and measured the linkages between the various sectors of the regional economy, the in/output analysis can be used to predict the effect of any given change (such as a capital injection through urban renewal) in one part of the regional economic system *(Armstrong and Taylor: 1978:250).*

The analysis of the effect of a public sector infrastructure investment and the resulting private sector investment can *inter alia* be measured in terms of its effect on employment levels, GDP and tax levels. One of the advantages of such an analysis is the ability it provides to the policy maker to forecast the future effect of certain actions and to utilize such results in determining whether such action should be implemented or not. That is – whether the expected economic impact is significant enough to pursue a particular project. The calculation of economic impact can lead to extremely over-optimistic projections, which are often not realized in practice. Urban renewal is a slow process and a collective impact can only be measured over time, after the implementation of a number of infrastructure projects.

The spill-over concept or the multiplier effect of a certain infrastructure capital expenditure is important to determine the wider effect of the different forms of expenditure.

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The *quality* of investment becomes of critical importance *(Richardson: 1978:241)*. The selection of a catalytic public sector infrastructure investment needs to be supported with market research, or more accurately; it needs to respond to customer needs to ensure the catalytic economic multiplier impact is as extensive as possible.

Richardson (1978:253) provides six methods of evaluating regional policy:

The **first** approach is an assessment of the effect of regional investment on an *ad hoc* basis, i.e. it looks at issues such as jobs created. However, the method is somewhat unsystematic and depends on the availability of data and leaves conclusions open to subjective judgment.

The **second** approach compares the actual growth with expected growth in the absence of any regional policy resulting in some form of policy impact. This method does not account for the wider effect of regional policy, i.e. other than its impact on regional economic growth. This method also does not provide a methodology for measuring expected performance.

The **third** approach is the *actual minus expected growth*, which focuses on the overall impact of regional policy on the aggregate regional economy. This methodology moves the emphasis from the macro level to the micro level and depends on the quantification of cost and benefit, which places a constraint on the applicability of the approach.

The **fourth** method for evaluating regional policy is by the extent to which it fulfills predetermined goals, i.e. regional policy is judged in terms of its effectiveness in reaching its targets. This method is restrictive as it might exclude any unforeseen, but important impacts. There is also the possibility that the influence of a number of policy makers can skew the results achieved through it, i.e. the method could easily be manipulated by a policy maker with a less than desirable political agenda.

The **fifth** method of evaluation is to compare international experiences with regional policies. The limitation of this policy is that different environments dictate different results and therefore make comparisons somewhat unproductive.

The **sixth** method of evaluating regional policies is to apply a mix of the top five methods. Well-researched and correct data in all applications remain the cornerstone of this method.

7.3.2 A relevant model for urban renewal and its impact on the regional economy

Earlier regional economic models were mostly short term macro-economic demand models, which worked well in this respect, but proved to be ineffective as long-term impact models. In the context, the biggest problem with these models is that they are inconsiderate of, or unresponsive to external forces. The regional income model has the dubious characteristic that it is not spatial, i.e. it does not interact with other external elements. Regional economies are interdependent with the city and national economy and even other economies.

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Export-based models

The export-based model can be used to measure the impact of exports on a region or city. The income of a particular region is determined by the degree of sales of the region's products outside the region. Such a model can only be applied if a region or city has an open trading and exchange of knowledge with the rest of the world. This model places a strong emphasis on exports, although in a realistic world, income is created through many other forms of revenue.

Being export-based, this model is often criticized for ignoring capacity constraints and the supply side of an economy. The emphasis is strongly on demand. If there is a shortage of labour, income will increase due to higher prices and a shift of labour from local production to exports *(Richardson: 1979:88).* The model also views the world in an irrelative sense, i.e. looking at a particular region in comparison with the rest of the world as opposed to a unit of comparable capacity.

Although the export-based model is easy to apply, it compromises on practicality due to its strong emphasis on the demand-side and the virtual ignorance of the supply-side.

Inter-regional income models

Inter-regional income models pursue a refinement of export-based models. Not only export based, they also make provision for inter-regional analysis by making exports exogenous. Further possibilities are *inter alia*:

- The inclusion of consumption and capital goods; and
- Induced investment effects can be catered for.

Income spillovers and secondary export repercussions are the most distinctive features of inter-regional income models *(Richardson: 1979:94).* Income multipliers have often been used to conduct economic impact studies, without being effective. The reasons for the inefficiency are *inter alia,* the failure to give sufficient recognition to the source of the impulse or to the lack of indirect and induced effect by a sector.

Regional income and multipliers analysis can be further developed into models that incorporate economic fluctuations. Economic fluctuations at national level undoubtedly have an effect on a regional and city economy. Negative development at a national level normally impacts negatively on a region or city, but when the national economy is doing well, the region experiences a similar trend. Such cycles are determined by consumption and investment trends.

Demand growth models

These quasi-growth models depend on capital and are generally not reliable as they have certain long-run defects. These defects relate to assumptions of stability in key parameters and do not take regional disparities into account.

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Regional investment models

Some of the first references to regional investment were in a neo-classical view. Further developments would stress the durability and immobility of capital in space and the interdependent nature of spatial frictions as obstacles to inter-regional capital flows *(Richardson: 1978:132).*

Newly injected capital flows generate exponential growth. The multiplier-accelerator model is the first of the neo-Keynesian type of model to make reference to this kind of growth. An investment multiplier is a method to demonstrate the spin-off effect of a capital injection on regional investment decisions. Such a spin-off can occur immediately or can occur gradually over a period of time or only a while after such an investment has been made.

A further neo-Keynesian multiplier development has a linear programming approach using a minimum capital-output ratio criterion that endeavours to optimize inter-regional investment.

The particular source of investment is a further important dimension in the economic multiplier effect of a capital inflow. The interdependence between public and private sector investment is an important determinant in the decision to make a private investment. Investment in social projects – such as transportation, health and other "community-based projects" – lead to a congestion of communities, which in turn creates a market that will prompt private sector investment. This is the setting for urban renewal.

It is debatable whether investment in tourism-related infrastructure or urban renewal projects, such as train services, roads, convention centers and theatres can be expected to be carried out by the private sector. Projects of this nature are normally *capital loss leaders* and profit-making will in most cases, be limited to the operational balance sheets of such projects (as opposed to providing return on capital investment). The Sydney Opera House was a significant public investment that led to a wide array of private sector investment that gave Sydney Harbour a new, attractive face that became a world tourism icon.

A range of theories has influenced the neo-classical model over time. The neo-classical regional growth model is flexible enough to accommodate such adaptations. The major objection to the neo-classical approach is that it cannot adapt to the real world problems that often clash with somewhat naive versions of the model.

Richardson's (1979:142) view is that the neo-classical model can work. He indicates that the objections are rather that the determinants of growth over space carry certain implications that are not easy to reconcile with the central principles of neo-classical regional models *(Richardson: 1997:142).* Such principles are:

- Reliance on the price mechanism as the spatial allocator of resources
- The trivial treatment of space (e.g. neglect of spatial diffusion theory)
- The assumption that growth can be constructively analyzed with an aggregate production function and a homogeneous capital stock
- The predilection for equilibrium solutions

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- A greater facility with deterministic rather than probabilistic models
- The policy interference that regional inequalities can be satisfactorily dealt with by reducing market imperfections
- Adjusting the price system via taxes and subsidies rather than by comprehensive regional planning and infrastructure strategies *(Richardson: 1978:142).*

The development of a cumulative causation model overcame most of the above-mentioned limitations. In later models, such as the core-periphery model, further refinement took place and created a more flexible approach. *Richardson (1979:151)* describes the core-periphery as a colonial system wherein resources - such as labour, capital, raw materials and intermediary goods - *flow* from the periphery to the core. The development trend is controlled by the core to further the core's economic, political and social interests.

The investment process determines the spatial pattern of economic activities in the core and periphery *(Richardson: 1979:152). Richardson (1979:153)* predicts that core-periphery eventually breaks down due to changing markets and new innovations, etc. This model provides significant insight into the spatial problems of developing countries. Market forces, superior infrastructure and direct access rationalize centralized investment to government power. When this happens, investment in peripheral locations becomes, to development authorities, a justifiable option through substantiated economic validation.

The space factor plays a significant part in an analysis of regional growth, and not only in that of *intra-regional* growth, but also *inter-regional* growth. Investment in a city or a project becomes an engine of growth. Factors such as spatial frictions, agglomeration economics and location constraints and advantages play an important part in the determination of a specific growth rate.

Agglomeration economics (i.e. that of the economies / benefits of firm proximity) plays a key role in economic growth and productivity through the attraction of investment. It prompts people to cluster together. The growth potential for a city close to agglomeration is larger than for cities removed from agglomeration.

The analogy within a city perspective is significant. The degree of agglomeration in a city will determine how successful the area would be in attracting investment from other parts of the country.

According to *Richardson*, regional growth analysis is best achieved by developing a spatial growth model from scratch, with the spatial concept serving as a focal point. Agglomeration economics becomes the critical variable in explaining higher productivity.

A more logical and practical application of the agglomeration model is to adapt it for dynamic applications. Any changes in the spatial distribution are the effect of variations in agglomeration and dispersion forces. The latter include changes in household and firm decisions. The spatial variations in agglomeration and dispersion forces and their time paths are thus simultaneously interdependent (*Richardson: 1979:162).* The disbursement of economic activity creates further spatial movements.

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Such movements will be reinforced by changes such as government policy, consumer tastes and technology.

The agglomeration model functions more effectively in areas where there is a high degree of population congestion compared to areas that are sparsely populated.

A higher congestion of population will increase efficient spatial function and improve the agglomeration effect as agglomeration pull is ineffective unless it operates over space.

7.3.3 Economic impact analysis – the search for an appropriate model in urban renewal and the resulting economic impact

An economic impact study can use a variety of models, such as the export-based, input-output and regional econometric model. One of the more popular techniques to measure the economic impact of a particular capital investment on a particular region is the *input-output analysis*. It applies specifically to the introduction of a new capital investment in a region and addresses the impact of such an investment on employment creation, GDP, tax, etc.

Leontief (1986:19) says that the, "input-output analysis is a method of systematically quantifying the mutual inter-relationships among the various sectors of a complex economic system".

An economic impact study in respect of urban renewal, public sector investment and the resulting private sector investment will have a number of requirements. These are:

- The conversion of the anticipated exogenous change into a set of final-demand changes
- Employment multipliers derived from a regional input-output model *(Richardson: 1979:188).*

Such models cannot capture the effect of external economies and are restricted by assumptions, such as no price restrictions to increased output, no substitution effect of a kind that changes the matrix and no investment capacity or labour-supply constraints *(Richardson: 1979:188).*

A cost-benefit analysis is a mechanism to incorporate the social cost of a specific investment by making a trade-off between the positive economic impact and the potential negative social impact to determine a net benefit or cost. Such an approach is appropriate for an economic impact analysis in a case where it is vital to include both the economic impact and social cost of an investment. This type of analysis is often justified due to the deficiencies of the price system. Prices do not always measure the marginal cost of every incurred expense and therefore the operations of the market do not always coincide with the social optimum and projects will not be equally attractive to the private sector as to the government or vice versa *(Richardson: 1979:196).* The failure of the market motivates the cost-benefit analysis.

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Although many formal theories have been developed to demonstrate the importance of regional analysis, it is important to look at the techniques that have been used to render these theories functional.

An input-output model has a number of advantages. These include:

- A general equilibrium approach
- Neutrality
- Adaptability (as it can be applied in any economy)
- It is the most implementable of all the techniques *(Richardson: 1979:184).*

The input-output model appears the most logical of model alternatives for application to the economic impact of urban renewal. It is an input-output based model of the regional multiplier and accelerator and a suitably modified version of the economic base multiplier.

Application of this model can enable the calculation of the direct, indirect and induced economic impacts of a specific investment. It provides a fair reflection of a capital investment's impact on a regional and city economy in terms of GDP, employment and tax generation. The input-output model used in such analysis has been adapted to be applied to the economic impact of capital injection in urban renewal. Its theory has been taken into account so as to provide a practical reflection of the outcome of the capital injection in urban renewal. For this purpose, a composite multiplier is utilized which includes both the *indirect* (or inter-industry) and the *induced* (or spending multiplier) effects.

The methodology involved makes use of a suitably modified version of the familiar model of the "economic base multiplier" *(Black: 1981:16).* In practical applications of the model *(Black: 1996:27*), a distinction is usually made between the so-called construction (a capital injection) and operational phases of a new project. The capital injection refers to a temporary injection of a new investment only, which nonetheless often has significant backward linkage effects within the region or country. The operational phase has a more permanent net (or value added) impact on the gross domestic product and employment within the region or country. The economic impact of a capital injection can be measured immediately, but the downstream economic impact, as in the case of a public sector infrastructure investment, can only be measured over time, as the private sector responds to the public sector investment.

The model can be used to estimate the **direct** and **indirect** (i.e. backward linkage) effects as well as the so-called **induced** (or spending multiplier) effects of both the initial capital investment during the construction phase, and the new (annual) turnover or gross revenue generated during the operational phase. This can be done in respect of both the contribution to the gross domestic product and the number of new job opportunities created, for the particular city, region and the wider province of state.

The model itself simply applies the standard Keynesian spending multiplier to a given increase in autonomous spending, net of import leakages to the rest of the world *(Black, Siebrits and Van Papendorp: 1991:28).* For example, if the gross value of a new project C (which could be the pedestrianization of a city's main road or the construction of a World Cup Football Stadium) in region W (e.g. the Nelson Mandela

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Metropole), is given by A^{w}_{c}, it will give rise to a multiplied (or value added) increase in the gross domestic product of the region equal to:

$$Y^{w} = k^{w} A^{w}_{c} (1 - m^{w}_{rc}) \qquad [1]$$

where m^{w}_{rc} is the proportion of gross value lost to the rest of the world (r) in the form of money spent on imported capital and intermediate goods and services used on the project; and k^{w} is the familiar spending multiplier, the value of which depends on the marginal propensity to consume, net of imports and net of direct and indirect taxes.

It is important to note that Y^{w} captures both the value added on the new project itself and new value created by local industries (within region W) supplying inputs to the project; that is:

$$A^{w}_{c} (1 - m^{w}_{rc}) = V^{w}_{c} + \sum V^{w}_{bc} \qquad [2]$$

where V^{w}_{c} is the value added by project C (the value of the actual urban renewal project constructed) itself, and V^{w}_{bc} is the additional value added by local supplier industries (b = 1, 2, ..., n) as a direct result of new sales of capital and intermediate inputs made to the new project.

Equation [1] can thus be written as:

$$Y^{w} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc}) \qquad [1b]$$

Equation [1b] simply says that the new investment project, C, net of all intermediate purchases of inputs from within and outside the city or region, will add value in the form of new wages and profits in region W (i.e. V^{w}_{c}). It will also have certain backward linkage effects on other industries within the city or region. These industries, after netting out intermediate purchases, will also add value in the form of additional wages and profits ($\sum V^{w}_{bc}$). The spending multiplier (k^{w}) now comes into operation - the new wages and profits (net of taxes and savings) are spent in the local economy, working their way through the retail, wholesale, manufacturing and agricultural sectors, with some part being lost to imports and the rest adding to new wages and profits within the latter sectors. This process repeats itself over several rounds, with the successive additions to wages & profits repeatedly being divided between savings, taxes and consumption expenditure.

It is also necessary to allow for a possible ***transfer*** or ***displacement*** *effect*, in terms of which consumers/project suppliers re-direct their purchases or supplies away from local industries in favour of the goods or service produced by the new project. This transfer effect will be reflected on the *income side* by local workers resigning from their current jobs to take up positions on the new project and in the (expanding of) local supplier industries; or, if the project and its local suppliers utilized imported workers or previously unemployed persons, by workers and managers in other local industries losing their jobs, or working at reduced wages and profits.

Viewed from the *expenditure side*, the transfer effect may be captured by expanding equation [1b] as follows:

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$$Y^{w\prime} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc} - \Sigma V^{w}_{t}) \qquad [1c]$$

where $- \Sigma V^{w}_{t}$ refers to value added destroyed in all local industries (other than project C and its suppliers), i.e. $t = n+1, n+2, ..., n+m$.

The magnitude of such transfers will evidently depend on the savings propensities of local consumers – or more specifically – on the extent to which they are prepared to dip into savings in order to undertake the additional spending associated with the new project. Equally important is the export orientation of local industries, including the new project itself. If the latter is produced solely for the export market, the net transfer effect is bound to be very small, if not zero.

The above model needs to be further modified if the new project is a tourist-type facility attracting visitors from outside the city or region. Apart from the amounts, such visitors spend on the project itself (which are already accounted for in the *value added* indicated above), they may also undertake additional spending in the local economy – unrelated to the project as such, for example spending on entertainment, restaurants, shopping, transport and other items. The point is that such additional spending would not have taken place had the new project not attracted visitors to the region in the first place. Equation [1c] can thus be expanded as follows:

$$Y^{w\prime\prime} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc} - \Sigma V^{w}_{t} + E^{w}) \qquad [1d]$$

where E^{w} is additional spending by visitors on local goods and services other than those supplied by the new project.

The model can be further expanded to allow for a possible accelerator effect, in terms of which new investments are induced by the project-driven multiplied increase in the city or region's income *(e.g. Black & Saxby)*. This means that $Y^{w\prime\prime}$ in equation [1d] can trigger further investment activities in the local economy, to which the same spending multiplier, k^{w}, should be applied. For example,

$$Y^{w\prime\prime\prime} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc} - \Sigma V^{w}_{t} + E^{w}) [1 + n^{w}] \qquad [1e]$$

where n^{w} is the induced investment coefficient – giving the percentage increase in value added by new investments undertaken directly as a result of the multiplied increase in regional income made possible by the new project and its associated backward linkage effects. The extent of such induced investment will depend on the degree of capacity utilization among local industries. If the latter are operating at full capacity, for example, the (permanent) increase in the demand for their goods and services, they may well be encouraged to expand their capacity.

This additional induced increase in income (i.e. $k^{w} (n^{w})$, in percentage terms) could theoretically trigger further induced investments, giving rise to a fairly complicated geometric series, but such effects are really too small to warrant further consideration here *(Black and Saxby: 1996:31)*.

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Another consideration refers to the induced fiscal effect, or the additional revenue (and public spending) induced by the above multiplied increase in income. Induced tax revenue, ΔT^{w}, can be derived by a simple extension of equation [1e], e.g.

$$\Delta T^{w} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc} - \Sigma V^{w}_{t} + E^{w}) [1 + n^{w}] t^{w} \qquad [3]$$

where t^{w} is the (weighted average) direct and indirect tax rate applicable to region W. If all of the induced tax revenue is injected back into the region, in the form of additional government spending (say for instance on tourism infrastructure, public transport or an urban renewal infrastructure investment, etc.) then equation [1e] becomes:

$$Y^{w\prime\prime\prime\prime} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc} - \Sigma V^{w}_{t} + E^{w}) [1 + n^{w}] [1 + \Delta G^{w}] \qquad [1f]$$

where ΔG^{w} is additional government spending made possible by the initial project, C – via its net direct, indirect and induced multiplier effects as well as its induced investment effect.

Further possible expansions of the above model – not considered here – include making allowance for the possible existence of differential multipliers among different spending groups within the region *(Black & Saxby: 1996: 20);* and consideration of the additional feedback value added as a result of inter-regional repercussive effects *(Black and Saxby: 1996:33).*

Through urban renewal infrastructure investment, the idea is to initiate an additional new investment through the private sector (and possibly also some of the associated physical infrastructure). The private sector investment, it can be argued, would not have taken place in the absence of the public sector infrastructure investment. In terms of the above model, these developments imply an extension of the *economic base*, or more accurately the addition of other sources of autonomous spending. For example,

$$Y^{w\prime\prime\prime\prime} = k^{w} (V^{w}_{c} + \sum V^{w}_{bc} + V^{w}_{i} + \sum V^{w}_{ji} - \Sigma V^{w}_{t}\prime + E^{w}\prime) [1 + n^{w}\prime] \qquad [1g]$$

where V^{w}_{i} is the value added by an urban renewal public infrastructure investment, $\sum V^{w}_{ji}$ is the value added by associated supplier industries, and $\Sigma V^{w}_{t}\prime$, $E^{w}\prime$ and $n^{w}\prime$ are defined as before except that they now refer to both the urban renewal public sector investment and the resulting private sector investment and to their respective backward linkage effects.

Private sector investment (e.g. in a hotel) is unlikely to happen in an urban decayed area, if not for public infrastructure investment. The latter is a catalyst for private sector investment. Public investment creates the basis for the economic multiplier impact to become effective through public sector investment. Urban renewal investment with public funding encapsulates an economic impact beyond merely the public sector investment. Urban renewal is not a once-off process or the implementation of only one public-funded infrastructure project, but a combination of projects over a long period of time. It is the incremental completion of a puzzle that creates a collective whole that reinforces the eventual economic impact.

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7.3.4 Other insights on the regional/local economic impact

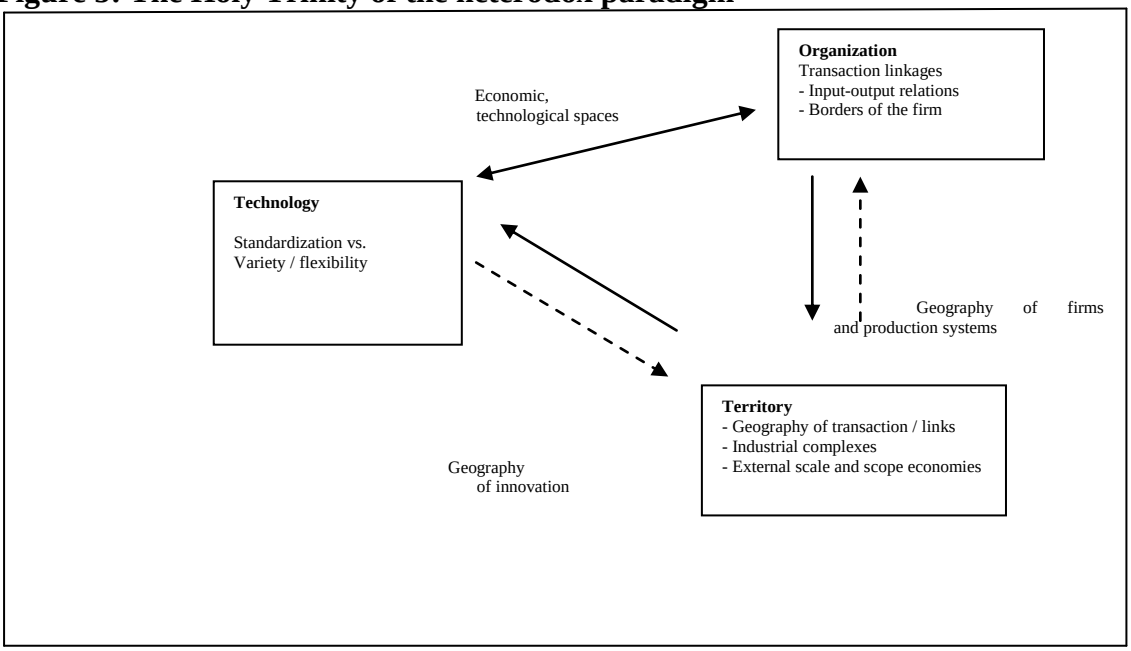
Storper (1997) discusses the region as the fundamental basis for economic and social prosperity in the era following mass production. The region forms the locus of untraded inter-dependencies which take the form of conventions, informal rules, and habits that coordinate economic actors under conditions of uncertainty *(Storper: 1997:5).* Regional economies thus form a fundamental basis in flexible and learning based systems.

Agglomeration is originally an outcome of the minimization of transaction costs. In the knowledge-based economy, however, agglomeration forms the major resource for competitive advantage through the enabling of embedded social and economic processes. This resource depends on the territory, which is often expressed by the word *milieu (Storper: 1997:17).* The region becomes a key element in the architecture for learning and innovation in the global economy.

Technology and technological change are recognized as major factors behind changing territorial patterns of economic development *(Storper: 1997:26).* Organizations, firms or networks, or firms tied together in productions systems have greater or lesser relationships based upon proximity. Territories may thereby be characterized by either strong or weak local spill-over or interactions. These links create the conditions for external economies.

Territory, together with technology and organization profoundly influence economy. This "holy trinity" between organization, technology and territory, has been called the *heterodox paradigm (Storper: 1997:27).* The word *heterodox* in this case means *a false doctrine* or *hearsay*. *Storper (1997:27)* outlines this phenomenon in ***Figure 5***.

Figure 5: The Holy Trinity of the heterodox paradigm



Economics tends to be discussed using the metaphor of *machines (Richardson: 1978:239).* If you put something into the system, the outcome is reasonably predictable. This view of the economic system is not accurate of the economic

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system in the field of innovation. Innovation systems are much more complex than the *machine* and outcomes are not easily predictable. The quality of investment (often determined by its response to customer needs) also becomes of critical importance, i.e. the quality of the investment going in *(Richardson: 1978:241).* *Richardson* mentions that policy objectives need to be broadened from the narrow concern with maximizing output if increases in production involve measurably more pollution or environmental degradation.

The impact, therefore, is difficult to predict; only the direction can be influenced. Following this, *Storper* argues that another metaphor to explain regional development is needed. He suggests the metaphor of the economy as *relations* and the economic process as conversation and co-ordination *(Storper: 1997:28).* The subject for the process is not *factors*, as *Porter* suggested, but rather, reflexive human actors. The nature of economic accumulation is not only material assets, but also relational assets. These relational assets are scarce, slow to create and very difficult to initiate. Herein one finds the basic competitive advantage for the region.

The notion of economic reflexivity, according to *Storper*, encapsulates the central characteristics of today's economy.

> "The possibility is created for groups of actors and the various institutional spheres of modern capitalism, i.e. firms, markets, governments, households and other collectives – to shape the course of economic evolution. They can do so because they can now reflect about the functioning of the environments in a way that is not restricted by existing parameters, and where certain groups are explicitly grouped by shaking up such environments to their own advantage (innovation)" (*Storper:1997:29).*

This has been made possible by technology and communication practices that feed back information to actors in radically new ways. Interpretations and constructive images of reality are just as important as any real material because the interpretations become the basis upon which people act, thereby making the interpretations *reality (Storper: 1997:29).*

What innovation systems illustrate is that the most advanced form of competition is learning. Territorial economies must be equipped to keep ahead of the forces of imitation and the world economy by learning faster than others, outrunning them as moving targets by continuing to learn. This is achieved by shaping relations of coordination between "reflexive agents and organizations", in accordance with the true nature of regional economic development in a knowledge-based economy *(Storper: 1997:31).* According to *Storper*, this is a matter for "the mysteries of innovative collective action" *(Storper: 1997:118).*

The ability of innovative collective and reflexive action is associated with the context of product. It is only within a product context that rules and conventions can be built. It is through these rules and conventions that the different actors can coordinate themselves. A major tendency is against organizationally decentralized production systems with a territorial focus. The ability to create this kind of system is a matter of how linked organizational, institutional and territorial conditions can be influenced. It

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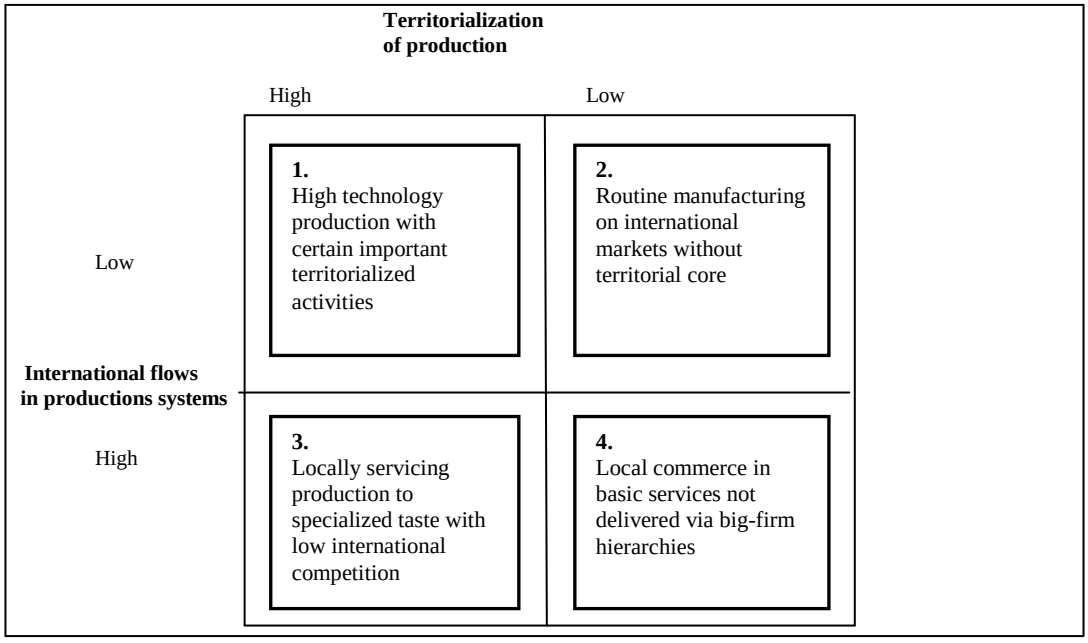
is policy structured to encourage horizontal relations between different kinds of actors within an editorial focus of a product system that seems to be the most appropriate for achieving these results. The classic form of a centralized government program is replaced by now territorially focused "hybrid mission" efforts *(Storper: 1997:127).*

The approach becomes a territorial specialization according to a specific plan that can only flow from the specific territory. Such an approach can be initiated in another territory, but the plan cannot be the same. The present conditions may be shaped in a specific territory to continuously cultivate competitive advantages. The territorial advantages of Cape Town are completely different from that of Port Elizabeth as the two city economies are different in nature. Urban renewal in Cape Town though, is one of the world's urban renewal success stories and many aspects can be borrowed from the approach adopted in Cape Town – but certainly not copied or reproduced. National and international experience and lessons do play a role, but the approach in a specific city must be based on local conditions that can create competitive advantage.

Figure 6 *(Storper: 1997:182)* demonstrates how a highly specific environment is organized around an exchange between the global *flow economy* and the local *territorial economy*. The exchange rate can be classified in high or low degrees of territorialization and high or low degrees of international flows associated with different activities *(Storper: 1997:181).* If the Port Elizabeth urban renewal program is successful, along with the present and increasing economic impact created, it is likely to move from quadrant 2 to quadrant 3.

Figure 6: Flows between territories



Activities in the first quadrant represent globally specialized technologies, based in very specific territorial systems, as for example in respect of the Cape Town tourism industry. Low territorialization and low international flows, in the fourth quadrant, show a system based on local commerce in basic, non-specialized services, such as in the case of a normal rural town. Low territorialization and high international flows, in the second quadrant, depict a system of routine manufacturing that may be moved

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between low cost locations. A high degree of territorialization and a low degree of international flows, in the third quadrant, show a system that depends on specific local skills, with low international competition, providing for a local market.

Regions and cities in the world participate in a kind of *competitive development* that creates new forms of mobility *(Storper: 1997:189).* Outsourced services may be located where the costs are preferable. In order to gain a competitive position in this system, policies have to be developed so that the community is not only local, but also global. In order to win this competitive advantage, specific market segments have to be developed through a reflexive and interactive process. For many years Port Elizabeth, for example, lacked relevance in terms of global standing (other than in the motor manufacturing industry), such as one would see in the case of Cape Town. The city was often called the *Ghost on the Coast* and the *Armpit of South Africa*. Through urban renewal, in South Africa's second most historic city, a competitive advantage has begun developing.

The way groups of actors are tied together by their relations and conventions and how they engage in these specific processes of "economic and social reflexivity" *(Storper: 1997:223)* is of central importance. *Storper* is skeptical about *Porter*'s *Diamond* because it is superficial. It assumes that it should be possible to recreate the outcomes of success, as observed in many places, through reversed engineering. The problem with this assumption is that it tends to reduce its vision to architecture, objects, rules, skills and roles and to prescribed changes in them. "By attempting technocratically prescribed behaviour for the agents of the system, it has a high risk of failure", *Storper* argues *(1997:284)*. *Storper* describes the economic process as constituted via conventions between actors and in their networks. The institutions of the new economy consist of complex relationships between the worlds of production and formal organizations, such as firms, public organizations, universities, trade unions, etc. The creation of competitive advantage is territorially dependent via the ability of reflexive and collective action. *Storper* concludes that the development agendas for local environments play a profound role. It is not countries that become competitive, but cities through collective local action.

In the following section, a process will be followed, examining how this regional theory encounters a direct perspective of place.

7.4 Place making as a formative commercial force

O'Mara (1999) discusses the place as the formative force in urban renewal management. The place is where people and technology come together to interpret, process and act on information, uniting the organization in space and time *(O'Mara:1999:3).* Hence the activity termed *placing making* becomes the core in the process of urban renewal.

Place making is a competitive commercial element of urban planning. To maintain the overall competitiveness in the market, the agenda for planning practice is to adopt a cooperative and integrated approach among academic, government, business and professional fields. These stakeholders share a common interest in pursuing the value of place creation. As such, the efforts to create added value through enhancement of the built environment should be respected, and should not merely be delineated as a

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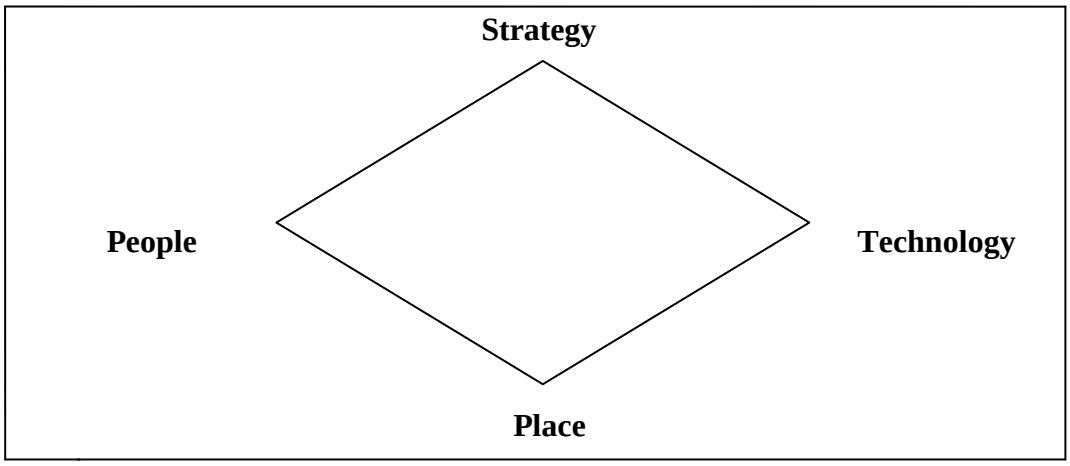
characteristic of construction state. Since urban planning has a capacity to encompass various fields related to the built environment, it should take a leading responsibility of integrating these fields *(Choi: 2011: 13).*

This professional office is the melting pot for these processes. The structural changes for organizations include a greater use of product and high performance teams, networked links with customers and suppliers, and other virtual methods for working. These trends will change conventional thinking concerning the location, design and management within an urban renewal context, and give *place* a role comparable with technology, people and strategies.

Figure 7 explains how real estate integrates strategy, people and technology with place *(O'Mara:1999:6).*

Figure 7: Real estate integrates strategy, people and technology



Tasks that require instantaneous feedback in real-time decisions are typical for product development processes. Face-to-face contact between colleagues increases productivity and improves technical performance.

O'Mara draws on *Tom Allen* at Massachusetts Institute of Technology who has studied research laboratory personnel. *Allen* found that face-to-face contact represents a substantial part of that information gathering. In fact, for engineers, urban designers, quantity surveyors and architects, 80% of information comes from this source *(O'Mara:1999:263).*

As a consequence, the laboratory should be designed to encourage informal *bumping into* of each other. This would increase the ability to innovate and to get products to the market faster than competitors *(O'Mara:1999:226).*

According to *O'Mara,* the office does not provide a workplace to be used all the time in the same way. Every situation has to be analyzed according to what information it requires, what is hoped to be gained from face-to-face contact, and whether there are cheaper forms of communication so that workers can gain the most advantage from expensive personnel meeting time. The offices change from providing access to equipment, to providing places for personal interaction. The property has to be viewed more like a hotel than a traditional office *(O'Mara:1999:304).* An office such as that

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of the MBDA, is not only concerned with urban renewal techniques, but is a meeting place for engineers, architects, urban designers, quantity surveyors, artists, other professionals and the general public. It is a melting pot for ideas that culminates in urban designs that reflect the need of the customer, or the residents of the city.

These changes toward information gathering between people interplay with ideas of real estate, which for the past seven years has undergone a radical shift, particularly demonstrated in the growth for a ten year period and subsequent deep decline over the period 2006 to 2009. The market mindset has shifted in terms of the value prioritized relative to its cost to the surrounding market. Real estate is nowadays likely to develop more for the real customer in the future and to be more reflective of the real needs of a city. Urban renewal and waterfront development were - prior to the international and financial market crash - seen at the higher end of the market development, which moved away from real customer needs prior to the 2008 crash.

Following the minimized cost mindset, real estate cost should be diminished as much as possible *(O'Mara:1999:49).* These mindsets radically influence the workplace, rendering a focus on the optimal use of space.

In O'Mara's research, companies prefer occupying clusters with access to advantageous external qualities. These kinds of locations facilitate the company's needs to posses the three "F's", i.e. *fast, flexible* and *friendly*. *Fast* means the lead-time to plan, build and occupy a building. *Flexible* means quick change of use of interior regarding the changing nature of projects. *Friendly* means comfort for the body and inspiration for the soul *(O'Mara:1999:303).*

Organizational action tends to be viewed by two opposite perspectives, i.e. rational-instrumental and valuational-symbolic. In the former perspective, facilities are designed to help the organizational structure that best serves the production of technologies. In the latter, the facility serves as a symbol for the organization's culture *(O'Mara:1999:63).*

The basis for the rational-instrumental approach is the standardization of both decision-making processes and design outcomes. In situations with a high degree of uncertainty, it is, however, challenging to follow these strategies. The context is not stable enough to develop and implement large standardized packages. Instead, incrementalism predominates at start-ups of many high growth companies. The platform for this is value-based methods. *Place* is then used as an enabler of competitiveness, where both functional and symbolic roles of the workplace are added. In these processes, design is proactively used to determine what behaviour is most desirable in the workplace. This process dimension is just as important as the final design outcome *(O'Mara:1999:107).*

High performance jobs are inter-disciplinary. Office-bearers spend more time with people outside their departments than with those inside and operate across managerial levels in the company. People and groups are self-managed and the work is rich with information, "in contrast to the departmental structures where each function keeps its own piece of the puzzle to itself and cannot see the whole picture" *(O'Mara:1999:263).*

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For companies occupying clusters with access to advantageous external qualities, changes will dictate the office layout. Place becomes the important vehicle of communication between the management and the workforce and a tool to strengthen the organization's ability to handle competition and change *(O'Mara:1999:295).* Place indirectly communicates management goals. Externally the qualities of the place can give "automated" access to workforce, provided places represent a wide range of attractive housing options, where people want to live.

If place is viewed merely as cost and a hard infrastructure role rather than as an opportunity to encourage communication and innovation, then organizations will not have the courage to try new ways of working. A shift in the perception of facilities management from project management to relationship management is an opportunity to build competitive advantage. In a value basis management philosophy, real estate becomes the organization's integrator of strategy, people and technology, claims *O'Mara (1999:308).*

7.5 Experiences from the perspective of territory and place

Storper and O'Mara have similar conclusions. It is the relational conditions that form places, stamped by constant upgrading and innovation. These places in turn, prove indispensable for cities competing in the world market. Where strong product-based cluster cultures have been built - as within Silicon Valley and to a lesser extent, within Cape Town - the reflexive coordination of a range of actors has been successful.

Where these product-based forms are absent, as was the case in Port Elizabeth until 2004, the learning system does not function and actors tend to see each other as competitors rather than as cohabitants of the same innovative system.

The overall tendency is towards organizational decentralization with a territorial focus on production. If the strengths of a particular local economy are to be promoted, the prescription is to focus on learning rather than directly on localism *(Storper: 1997:282).* In cultivation of qualities typical of a *Friendly City*, one must consider the creation of the very complex reflexive variables necessary if place-making is to be successful in the global perspective of competitive advantage amongst cities.

O'Mara's discussion gives us an understanding of the significance of places from a city perspective. The task of shaping social structure is the basis for reflexivity and the major goal within the city's *development efforts. The face-to-face contacts and the culturally transmitted values via place, correspond with discussions indicated in the cluster theory and the theory of innovation systems.*

The major question now follows: How can these places be shaped from a more complex standpoint than reversed engineering?

The concept of place-making relates to space, consumerism, urban metabolism and collective identity *(Barac: 2007:161).*

Cooper, Evans and Boyko (2009:76) write about the "sensory city", i.e. residents' sensory experiences of the 24-hour city – the interaction between the physical environment and the emotional and sensorial responses of the people within it.

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Cooper, Evans and Boyko describe that a city is not about architecture alone, but is a curious melting pot of flesh and stone. *Pallasmaa (2005:40)* depicts the hegemony of the visual, "I confront the city with my body; ….I experience myself in the city, and the city exists through my embodied experience. The city and my body supplement and define each other, I dwell in the city and the city dwells in me".

The sensory city relates to the city from a height, the city at street level, the tranquil city, the night-time city. Exploration of these aspects within the planning process needs to be kept devoted to the needs of the consumer. A key issue for planners and developers therefore, is to design spaces that can accommodate these alternative uses, while at the same time enabling the resident to exercise choice over their participation. The issue of customer needs and keeping in touch with what makes economic sense, coupled with the institutional vehicle enabled to drive these processes (which is not always local government – due to lack of capacity) becomes more and more pertinent.

The discussion of urban renewal in a derelict CBD, such as the one in Port Elizabeth in 2004, needs to be one of a meeting between two systems, i.e. the discourses of economics (and what makes financial sense) and urban development (in context of architecture and urban design). *Place makers* are possible mediators for such an interaction. The certain cohesive dimension of place resulting becomes paramount to competitiveness. The planning for this is more about guided development than about prescribed planning in the traditional form.

A special purpose vehicle is required to close the gap between traditional urban design on the one hand and what makes economic sense from a consumer demand point of view on the other. The following chapter investigates the world of planning theory and how the strong conception of place-making is accommodated within the economic theory. Traditional planning indicators are explored to ascertain how they add to the question of how competitive places are being built.

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PART THREE

URBAN RENEWAL IN PRACTICE - THE STORY OF THE MANDELA BAY DEVELOMENT AGENCY



The reveloped Donkin Reserve: The Route 67 (commemorating 67 years of Nelson Mandela in public life) mosaic staircase

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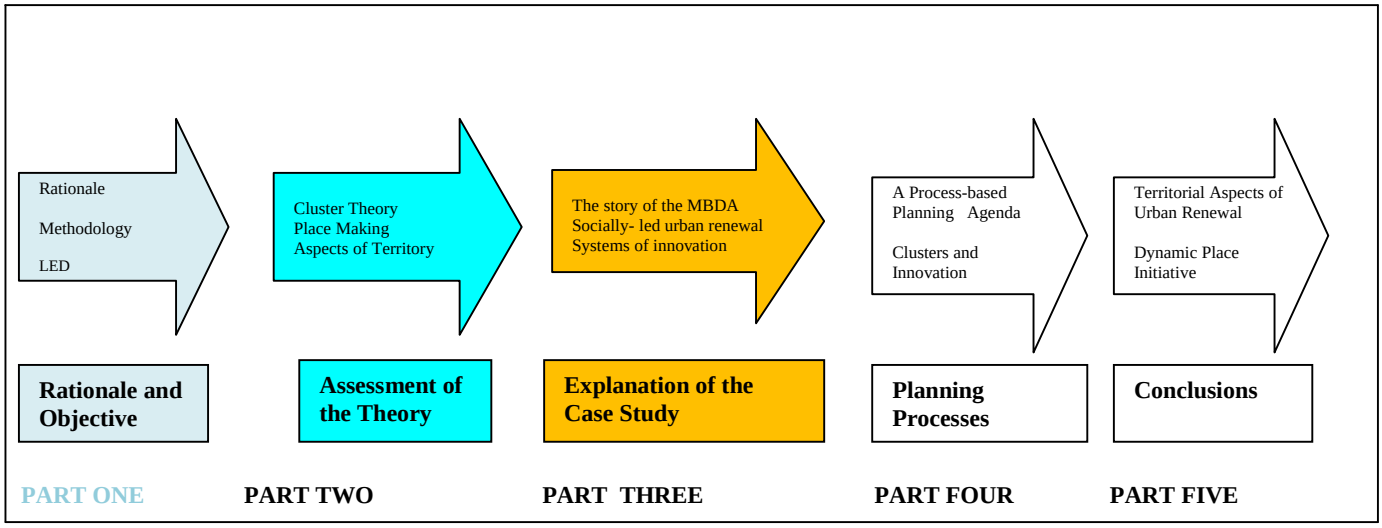
THE EMPHASIS OF PART THREE



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CHAPTER EIGHT

AN URBAN RENEWAL AGENDA IN PRACTICE



Nelson Mandela – celebrating his life and contribution to South Africa on the Donkin Reserve

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8.1 Introduction

In **Part Two**, a theoretical framework around clusters, technopoles, triple helix and place-making was discussed, setting the scene for the story of the MBDA.

This chapter is a culmination of literature review, five years of careful and objective participant observation and a wide range of interviews and interactions with technocrats, politicians, business people, community members and politicians (locally, provincially and nationally). This chapter is the first of an outcome of a triangulation research processes. It discusses urban renewal from a competitive advantage perspective, explains how planning is carried out in the wider Nelson Mandela Bay along rational lines and how planning is performed in the MBDA in a revised format. This revised format addresses the actor-relational approach and includes the requirements of the customer meter. The customer meter forms the basis for an innovative method of planning that creates the frames of reference for a relevant property market response that addresses consumer needs.

Part 3, including this chapter, will discuss planning practice in Port Elizabeth and how innovative systems were built to drive urban renewal to respond to the needs of the market. *Moloney (2011:7)*, drawing on *Strengers (2010: 8)*, mentions that there are many conceptualizations around of what *practice* means, but identifies four common features or components of everyday *practice*, i.e. firstly, practical knowledge, which provides people with the tacit skills required to undertake a particular practice, secondly, common understandings, which are acceptable and "normal" benchmarks or expectations for particular practices, thirdly, institutional rules and recommendations, and fourthly, material infrastructure, such as technologies and systems, which provide the means by which many practices are undertaken and made possible.

8.2 Urban renewal from a perspective of competitive advantage

During the first phases of the infrastructure and implementation of services project in Port Elizabeth, the author steadily came to realize that the urban planners of the project team had a strong rational, linear, legal approach to planning – similar to the one-sided planning approach in South Africa prior to 1994; with the same planners in practice, not having adjusted much.

Due to South Africa's fairly recent political, social and economic transformation, urban renewal had strong responsibility to respond to the integration and needs of the broad market. A revised model of planning, based on the principles of a bottom-up approach, market research and public participation, was required to achieve competitive local economic development **(LED).** This revised approach was informed by a number of factors, including local and international experience and observation, interviews with people of a wide range of disciplines and a survey to monitor how the projects implemented respond to the customer base.

Discussions in the preceding chapters have elucidated that in order for urban renewal not to become an isolated and unsustainable development, alienated from its own context, it needs to be viewed from a perspective of the local urban and economic system and its development agendas. The somewhat adapted (to urban renewal)

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cluster theory, in combination with the concept of innovation, represents such an LED agenda.

Upon closer inspection of the concept of the cluster, it is obvious that its denotation lacks an explicit, generative dimension. The cluster theory is more apt to explain rather than to prescribe. Innovation is central to clusters and, just like a triple helix, is characterized by complexity and based on a dynamic and non-linear perspective. This dimension of innovation's complexity constitutes a major complication when it comes to the management of these innovation systems. A term that describes the role of innovation management systems more accurately is *facilitation.* Systems of innovation management form the global web of technopoles, which this analysis would describe as, "the prototype for an environment of innovation and the building of knowledge".

The competitive agenda for a globally-geared economy is based on conditions of proximity and relies on the economy's capacity for creating reflexivity. These conditions of proximity are embedded in the specific territorial constraints of the economy's setting. This focus on *place* is further sustained by facilities (i.e. innovation systems) management, which prescribes that in an economy that depends upon innovations, much of the production is based on face-to-face contracts. The place is the platform for a value-based incremental strategy, widely used by firms that operate under uncertainty.

There are certain aspects of the concept of place, the appraisal of which reveals the critical development dynamics required for competitive advantage in the area shared by firms of global standing. The complexity and non-linear nature of these discourses challenge the place-making institutions of society. Discussions in the following section focus on planning and development structures that support ambitions to create an environment characterized by innovation.

8.3 Fundamentals in the Nelson Mandela Bay Municipality planning system (set against the backdrop of the South Africa planning system)

When examining urban and regional planning in South Africa, the conditions of the past system of Apartheid, which effectively came to an end in the early 1990s, must be taken into consideration.

An attempt to reform the urban and planning system of South Africa

Prior to 1994 a number of planning related legislations governed the South African planning regulatory framework. These pieces of legislation were *inter alia*, the *Group Areas Act* (Act Number 41 of 1950), South African railway and harbour related legislation and transport related legislation. From these, flowed the provincial town planning and township ordinance legislation.

In 1995, a *Green Paper* was published to initiate the *Development Facilitation Act* (Act 67 of 1995) **(DFA)** in respect of which development tribunals would be established to fast track development processes. The development facilitation legislation was based not only on normative principles, but also set out procedures to fast-track development. From 2008 onwards, the *Act* came under the scrutiny of the

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Johannesburg City Council's legal challenge and in terms of an Appeal in 2009, the implementation of the *Act* was put on hold.

Urban integration and the management of urban growth, depend upon effective land use, planning, incorporating the principles of Integrated Environmental Management **(IEM)** and on a well-functioning urban and regional planning system. Since the establishment of democracy in South Africa, it was increasing felt that urban integration required a drastic reform of the current planning system. Such a reform was not only required in respect of physical planning, but also in respect of the social and environmental elements of urban planning.

South Africa's planning system is extraordinarily complex, internally contradictory and incoherent. It is still based on a large number of racially biased laws and ordinances inherited at a national and provincial level. Some laws have also been inherited from the former homelands. This inherited system still hampers, rather than facilitates, urban land development *(Twala: 2006:6).*

The major, immediate purpose of the post-apartheid *Development Facilitation Act* was to expedite land development projects. It strived to by-pass bottlenecks in regulations and sought to promote efficient and integrated development through a set of general principles as the basis for future land developments.

The DFA included a tribunal objective, the aim of which was to bring together experts, officials and stakeholders to review, overturn, amend or uphold executive decisions on development. Tribunals had the power to subpoena officials and suspend restrictive legislation, as well as to impose prescribed timeframes for development decisions. It focused on a particular dimension of development, that of land and spatial development.

In short, the DFA endeavoured to:

- "Fast track" development
- Initiate development planning through "land development objectives"
- Resolve conflicts rapidly through "development tribunals" at a "provincial level"
- Perform a fundamental review of the planning system *(Development Facilitation Act (Act 67): 1995: 22).*

The DFA did not meet its objectives and it subsequently became clear that the Act was not to be the means that would bring about the realization of an amended planning system. Another method had to be developed to ensure the rapid conceptualization and completion of urgent projects at a local government level *(Interview with Ms Dawn McCarthy, Director: Planning, Nelson Mandela Bay Municipality: 6 May 2010).*

The present planning regulations in South Africa are governed by the Municipal Systems Act (Act 32 of 2000), Municipal Structures Act (Act 117 of 1998) and the Municipal Demarcation Act (Act 27 of 1998). In terms of the Demarcation Act, municipalities are divided into categories A, B and C. Category A municipality is small town-based, for example the Kouga Municipality (Jeffreys Bay), whereas the

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category B municipality is a district municipality, such as the Cacadu Municipality. A Category C municipality is a metropole authority such as the Nelson Mandela Bay Municipality.

It is through the *Local Government Municipal Structures Act (Number 117 of 1998)*, that planning acquires its significance in South Africa. In terms of the Act, an integrated development plan **(IDP)** must be specifically developed for a municipality and this IDP is set in terms of the National Strategic Development Framework, the Provincial Strategic Development Framework and the Local Spatial Development Framework (**LSDF**). In terms of the IDP, a long term vision and growth and development plan was formed that culminated in the LSDF.

Presently, planning appears centralized around the *Land Use Management Bill* which will replace the *Development Facilitation Act*. It will also replace the old provincial ordinances and indicate new procedures for urban planning. The land use provincial ordinance includes parameters in terms of which municipalities consider development applications, particularly in respect of zoning and procedures attached thereto.

Implications for the NMBM

In this section the overall planning approach of the NMBM is discussed. Urban renewal forms a critical part of Port Elizabeth's IDP, but the discussion to follow will highlight the innovative planning approach of the MBDA in respect of urban renewal. The urban renewal approach is not in conflict with the IDP, but it follows a specific territorial cluster approach in respect of the Mandate Area.

The National Spatial Development Perspective (**NSDP**), the Spatial Development Framework of the NMBM, the comprehensive IDP and the SSIF of the MBDA are the main formal instruments used by the City of Port Elizabeth to guide urban renewal. These instruments also represent the basic structure of the NMBM urban and regional planning framework. The philosophical and political context of this planning framework is the particular objective applied to safeguard the right to employment, housing and education and to promote social care and security, as well as fair living environments.

South Africa has a system of municipal planning monopoly. All municipalities must have a comprehensive plan that covers their entire area of responsibility. In the case of each municipality, the comprehensive plan is a legal document adopted by the city fathers and is as such, a legal agreement between the municipality, the public and landowners. It is executed through detailed development plans.

Planning is expressed by both physical plans and the process of generating these plans. The IDP includes a number of planning areas within the respective government departments. This kind of planning *inter alia* includes:

- Economic planning
- Social planning
- Health planning
- Environmental planning
- Urban planning

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- Transport planning *(NMBM: IDP: 2010:23*).

In this chapter, specific reference will be made to *economic planning* and *urban planning*. The traditional role of the planning system is to link all the IDP fields of planning in urban situations. The rational model of planning is based on the idea that society in every situation chooses the optimum alternative after a pre-defined planning model's application. Physical planning is a matter of priorities between different interests and between different actors. Although the planned object is of a physical character, many non-physical factors are involved in the work associated with certain plans. Planning can be considered as both regulatory planning and as a strategic development instrument. The formulation of what planning is about varies between different times and between different situations. In municipalities, planning is characterized by an increasing population and by severe employment problems, and contemporary plans have often been perceived as instruments for the address of growth and expansion concerns. Thereby, the comprehensive plans in practice closely resemble regional politics.

To ensure growth and development in Port Elizabeth, it is vital that all strategic planning processes are aligned and fully integrated. Key to this is the City-wide Development Strategy, which in turn informs the Spatial Development Framework of the NMBM. The Metropolitan Spatial Development Framework **(MSDF)** contains a number of key sector plans that are necessary for development. Urban renewal forms an important part of development in this regard. The MSDF in turn informs the Local Spatial Development Frameworks and these frameworks are supported by the Integrated Land Use Management System. ***Figure 8*** outlines these links in diagram format:

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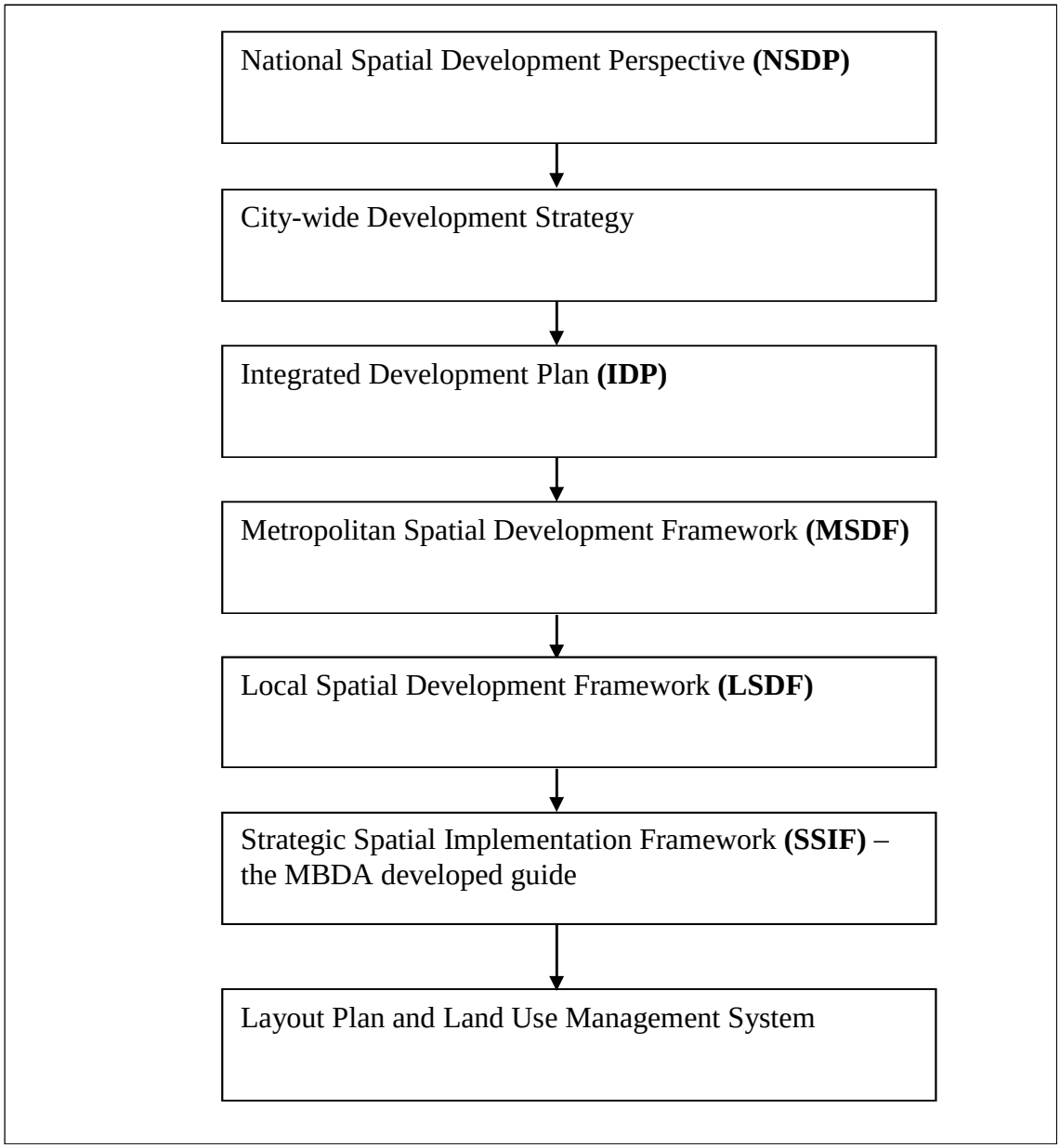
Figure 8: The overall planning structure of the NMBM



The SSIF, initially a development guide document, including a *package of plans* to be implemented on an incremental basis, has been converted into a legal LSDF.

The *IDP (2010:45)* states the following in respect of urban renewal:

> "Established in 2004, The MBDA is a municipal entity private company, governed by a Board of Directors, to facilitate the regeneration of the inner city area and the development of the harbour area, with a view to promote economic development against the backdrop of urban renewal".

Due to the movement of commercial activities to the outlying suburbs, the historical city centre of Port Elizabeth and now that of the metropolitan area has been under threat for some years.

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In an effort to counteract the decline of the CBD and to restore its critical role, the MBDA, in conjunction with the Planning Department of the NMBM, developed a Strategic Spatial Implementation Framework, i.e. a Master Plan.

The following underlines the need for the prioritization of the CBD:

- It is the heart of Port Elizabeth and is therefore important to all its citizens and communities
- From a historical and architectural point of view, the downtown area is one of the most important areas of the city. It is therefore vital that it be preserved and utilized to stimulate tourism and the economy
- All transportation infrastructure is focused on the central part of the city, making it accessible to all communities
- It has traditionally always been an area in which different communities meet and therefore it plays an important role in the integration of the city
- It is ripe for development. Many businesses and organizations have moved out of the CBD or are looking to move out of the CBD and this trend could be disastrous in terms of lost opportunities
- It is the civic and economic centre of the city and is therefore critical from a local and regional point of view. If the CBD dies, the region dies
- The image of the city. The unique and historic central area of any city distinguishes it from other cities. It is the face that is presented to the rest of South Africa and the world. The area therefore has an important role to play in establishing the identity of the city, internationally, nationally and regionally *(SSIF: 2005:12).*

The broad objective is to initiate a sustainable urban renewal process aimed at achieving the goals of the MSDF. Other objectives are to develop the city centre economically as an integrated civic hub and also from a transportation point of view.

A plan aims to create a vision for the future development and to provide directions for its implementation. Thereby, a vital link between comprehensive planning and planning for a regional development has been established in the IDP. The deep economic crisis in 2009 is a strong impetus for a shift towards a more pro-active role of planning. This new role is related to the SSIF, which is one part of the NMBM strategy to level regional and national conditions for development in Port Elizabeth. The SSIF is in this sense, a combination of physical planning and regional politics. The term spatial planning, as contained in the MSDF and the LSDF for the Mandate Area, is used to describe these concepts.

This shift towards more development orientated spatial planning is already visible in Port Elizabeth. In a number of studied comprehensive plans, the goals of a growing economy and sustainable employment rank first. Economic sustainability ranks one of the highest priorities in these cases; hence the emphasis on customer needs and what makes sense from a market point of view. Competitiveness, sustainability and social empowerment are the fundamental goals in the comprehensive plan of the city.

The state has delegated the responsibility for pro-active economic development through the innovative creation of the proper conditions, to municipalities. As a consequence, planning for new structures has come to be substituted in favour of

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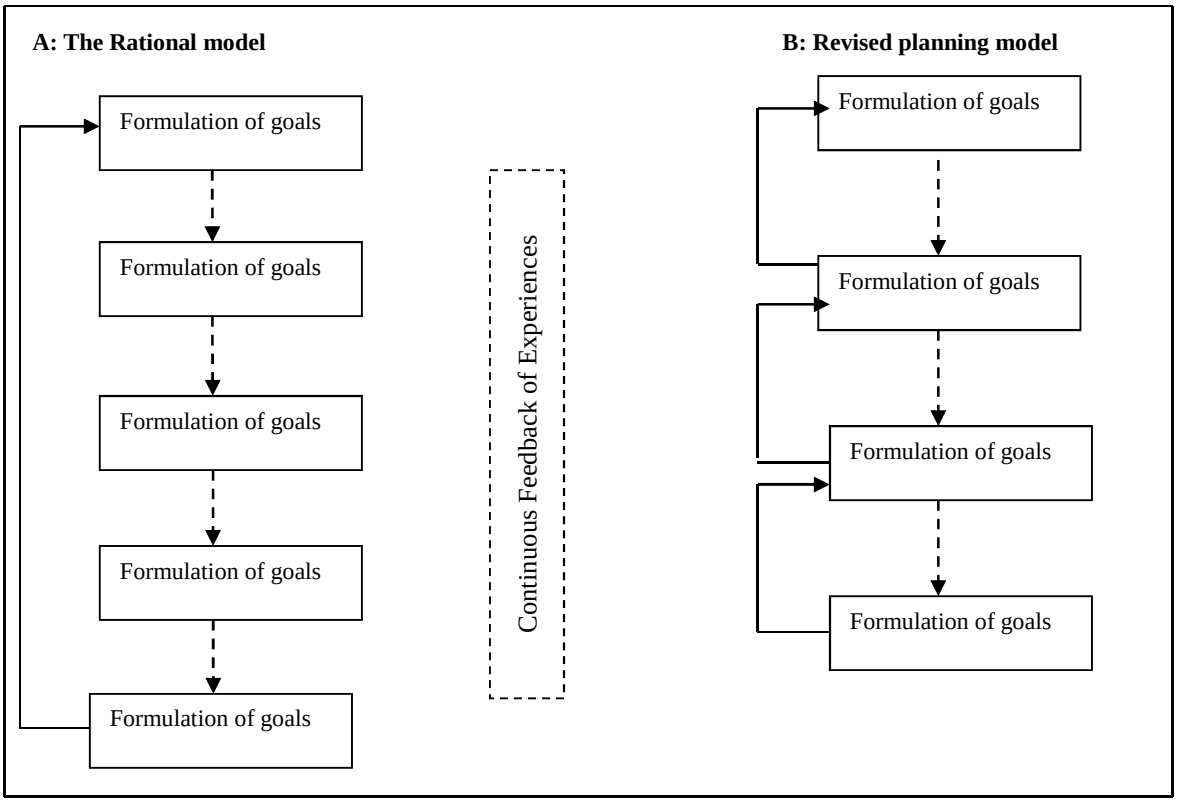
planning for LED. In general, environmental aspects have gained fundamental attention in the planning, whereas social aspects have proven difficult to implement. Through co-operation between different actors in local networks, growth can be sustained in the sense of both the economy and social welfare. The achievement of planning potential in this more extended sense requires a high degree of innovation and creativity. If a growth process lacks the necessary pre-conditions for effective socio-economic development, no physical planning – no matter how good – will help. The approach to a smooth deviation from the rational traditional model of planning to a revised planning model relies upon continuous feedback and face-to-face networking. It is not simple to ensure a transition from the rational planning model to the revised planning model in a traditional municipal planning structure. A special process is necessary to create such a change.

Figure 9 demonstrates a slight change in the adaptation of traditional planning models.

Figure 9: The rational model of planning (A) and a revised planning model (B)



The above depicts shifts of the context influence planning methods. In the rational, traditional model, it is assumed that it would be possible to follow a pre-defined plan for the planning task; and that individuals and corporations would follow a rational model when considering different alternatives for location. As a consequence of the more complex planning agenda concerns of the present day, experiences gained in the planning process depend upon feedback during the process. This places the rational model for planning under pressure to be revised. The revised model of planning is combined with the interactive feedback loops between the constituent parts of the process.

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The planning legislation emphasises local government and safeguards the rights to basic qualities of life. One often gets the impression that in traditional planning, the creation of proper business conditions in the traditional system is considered to be something that cannot be planned or even controlled by the public planning instruments.

The traditional role of planning in the regulation of land use is under a pressure to change. More recently, the role focuses on providing the means for development and new opportunities. In this respect it may be more correct to discuss *enabling* rather than *planning*. Many contemporary comprehensive plans have evolved from this need to examine how lifestyle, mobility and LED influence the physical organization of urban environment.

More complicated matters require a spatial co-ordination of housing, workplaces, and services. A strategy which recognizes interrelations is required, as is a more holistic approach. Globalization and the increase of international competition highlight the need for co-operation between physical planning and regional policies. The market and the municipalities cannot provide effective solutions to a variety of contemporary problems. This calls for a re-engineering of the total process used in planning. One solution to this problem is different forms of public-private partnerships **(PPPs).** An emphasis on customer needs and what the local market requires in respect of residential, retail, office and tourism/leisure/entertainment is also required.

The role of planning, therefore, is questioned in the context of contemporary urban development. Comprehensive planning is limited to managing land use and use of water resource areas. It is concerned with physical environmental matters and has long lead times - sometimes longer than a year - which is unacceptable in cases where economic interests and successful LED are at stake. The interest of the local inhabitants is carefully discussed in the context of comprehensive planning, but the requirements for economic competitiveness are neglected even to be mentioned. Planning should focus concentration more on the strategic levels of urban development. This is best conducted in the form of free-standing briefs through a request for proposal **(RFP)** process, where the focus is often on inter-related matters.

The call for planning to form extended development goals brings about conditions of non-linear processes. Planning must take market conditions into account where cities compete for investments and employment to shape an ecologically sustainable society; as well as to challenge tendencies towards economic segregation and poverty. This implies that the concept of a linear state is under pressure to change in the direction of the co-operative (non-linear) state.

Being experienced locally and globally is a shift from a linear chain of government, to governance through networks. Partnership formation is a practical path toward finding solutions to the increasingly complex problems of the present day. Partnership solutions are better able to reduce the cost burden for each role player and lead to innovative approaches to once seemingly intractable problems.

Within the traditional planning's practical context, where responsibility may always be deduced in a chain with identified actors, the partnership solutions always contain the problem of no one individual institution or organization that may be deemed responsible. Planners – who formerly had a major role as experts serving politicians representing the common interest, within a traditional planning structure – become organizers of a participatory process. Politics tends to become local and at the same

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time global, driven by more or less temporary constellations of actors in different networks. Planning cannot represent the truth, but is able to act as a moderator between different stakeholders. This, as opposed to representing horizontal coordination of the individual interests of each participant towards a collective multi-faceted project interest.

Urban development is perceived by many; *inter alia* politicians, as merely a matter of *urban construction*. In the knowledge society, the main driving forces that cause productivity to increase are specialization and communication. An increase in productivity, in turn, calls for the creation of environments that facilitate new ideas and innovations, while attracting individuals to an urban culture, culminating in a sense of identity that is also a motivation for urban investment.

The present-day planning context calls for an approach that more closely resembles development planning, which gives structure to a particular development and to smoothening the way for governmental goals – which include controlled, top-down developments – planned and carried out locally. The role of a municipality in achieving conditions conducive to LED appears to be all the more strategically important, as the control from above has fallen into disrepute. The new objective for the society is to turn the corner of the world that lies within a municipality's territory, into an across-the-spectrum better society for people and business.

Planning does not mean drafting a plan only to have it strictly separated from the execution thereof. If planning means future-orientated processes that aspire to construct reality, then these new forms of planning imply that a multitude of actors, side-by-side with municipal actors, should participate in the process. In the traditional planning model, it was the relevant policy document that was of central fundamental interest. Today, processes activated during planning are imperative for reaching the desired outcome. The distinction between preparing an action and the action itself is often rather vague in this practical approach, where in planning's realization is often initiated as early on in the process as with integration of the draft plan.

The demands of current planning often require a shift from *government* to *governance*. The core of the shift is directed away from the public sector and centralized responsibility allocation, towards the private sector and the sharing of tasks and responsibilities. Such an approach requires credibility, an element that is very scarce in the present South African local government set-up. Once again, the need arises for a special purpose vehicle designated to conduct the governance process – a role that the MBDA is fulfilling. The resulting new format of interaction often involves various public agencies and various private actors. This shift towards governance is a result of the "hollowing out" of the state; with the simultaneous decline in capacity to govern and increase in the necessity for synchronized structures and action. Other causes of this shift are the lack of financial resources for urban development and increasing government dependency on private investment for plan implementation, following the general ideological shift from politics towards the market. The overall shift in trend is concerned with changing values in society and within the government sphere as a whole, towards enhanced participation and environmental protection.

The new partnerships formed are mutually dependent. No one single actor is capable of bringing about change. Each partner has to contribute resources, share responsibility for the outcome and influence the implementation of the plan: thus partnerships are enduring relationships with continuing interaction between

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participants. This type of partnership involves two or more actors – at least one of which is public – and each of the participants is a *principal*, i.e. capable of bargaining on its own behalf. PPPs create synergies by coordination. The concept is that actors often refrain from investing in the urban environment when they regard their own inputs as an isolated step (perceptions of investment in isolation generally being associated with increased risk); a step that does not secure value for money. Thus, the basic idea behind a PPP is to assess the values that could be achieved by joint action and to spread risks.

In this approach, democracy and accountability often emerge as challenges. A PPP is not an open process and there is not one specific institution that is accountable for the action, but a number of actors from different sectors and institutions that influence the final outcome of the action. This emerges as a challenge to democracy in that a PPP limits participation to an elite group that already enjoys a strong position in society. Rather than targeting the most urgent needs, public resources may be allocated to projects in which a consensus may be reached with private actors. In this way, PPPs cannot act as a substitute for democracy – but as a complement to it. The political process for adopting or ratifying proposals from the partnership must be defined. In such a context, urban planning appears to shift from being a method of regulation and control to being a channel for potential, enablement and facilitation. Without a doubt, the role of the planner is changing. Management of these processes comprises many parties; rather than representing collective expertise in the drawing of blue-prints, the planner must possess analytical skills and expert competence in the command of process management.

The MBDA is acting to ensure a paradigm shift in planning in its specific Mandate Area. Authorities, though, are aware that a paradigm shift concerning the entire situation is required. Due to market necessity for shortening lead times, the aspect of time is critical. The rigidity of frontiers between public and private responsibilities has become more flexible and responsibilities for infrastructure and common services have, together with economic risk, been transferred to the private sector. Finance of infrastructure and the role of exploitation agreements need to be considered together with the matter of transferring municipal responsibilities to the private market actors. Private market competition thus risks becoming absorbed and concentrated in a few powerful hands, potentially threatening the perilous formation of a virtual oligopoly.

The MBDA has developed a process that responds to the need for a paradigm shift. Although use of this process is confined to that in an urban renewal context, there is no reason why it should not be tested in other areas of planning. The process is outlined in ***Figure 10***. The intention is not to provide an alternative to the Planning Department's planning application or permit system, but rather a practical process for facilitating the *concept to completion* of urban renewal infrastructure projects.

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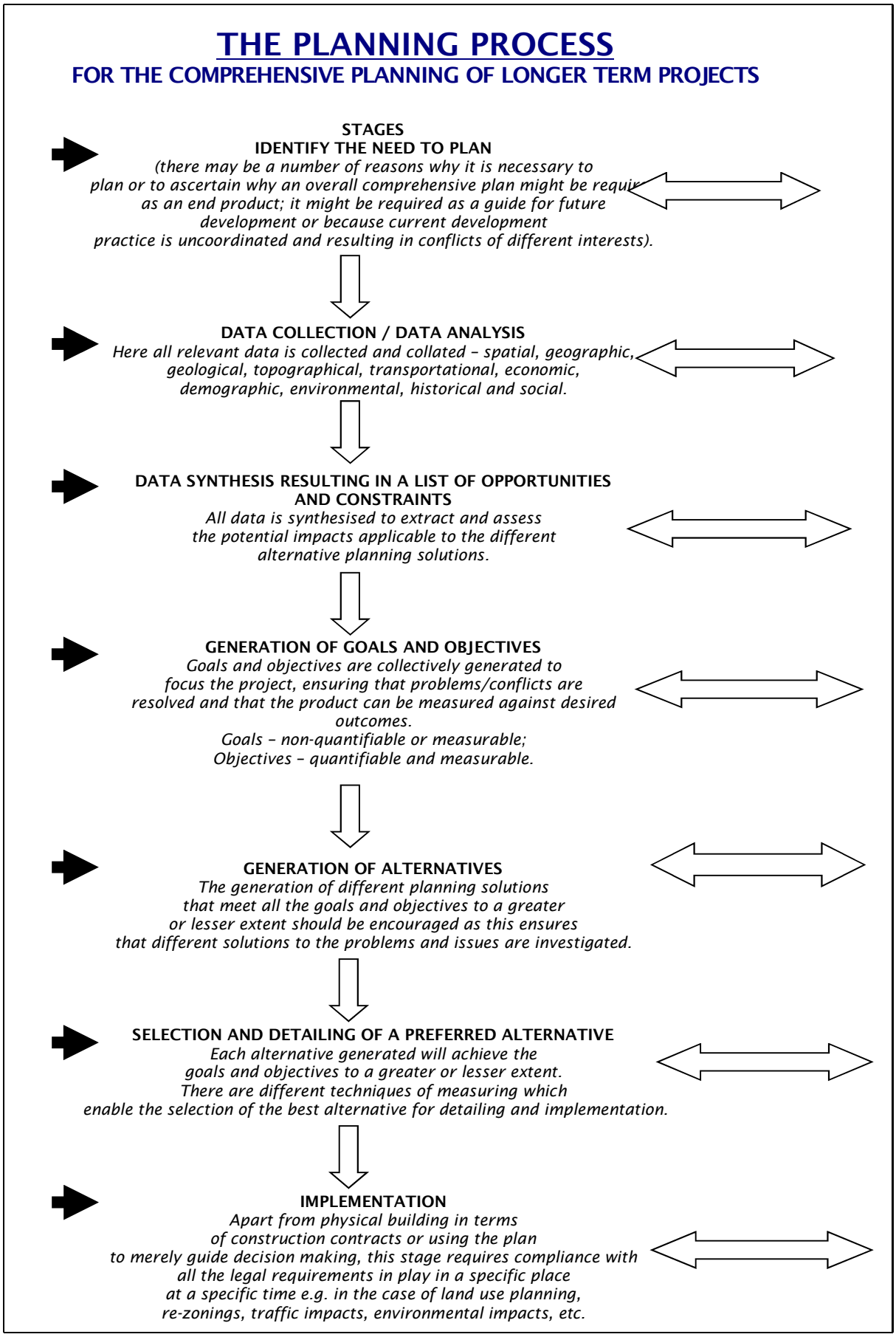
Figure 10: An urban renewal planning approach



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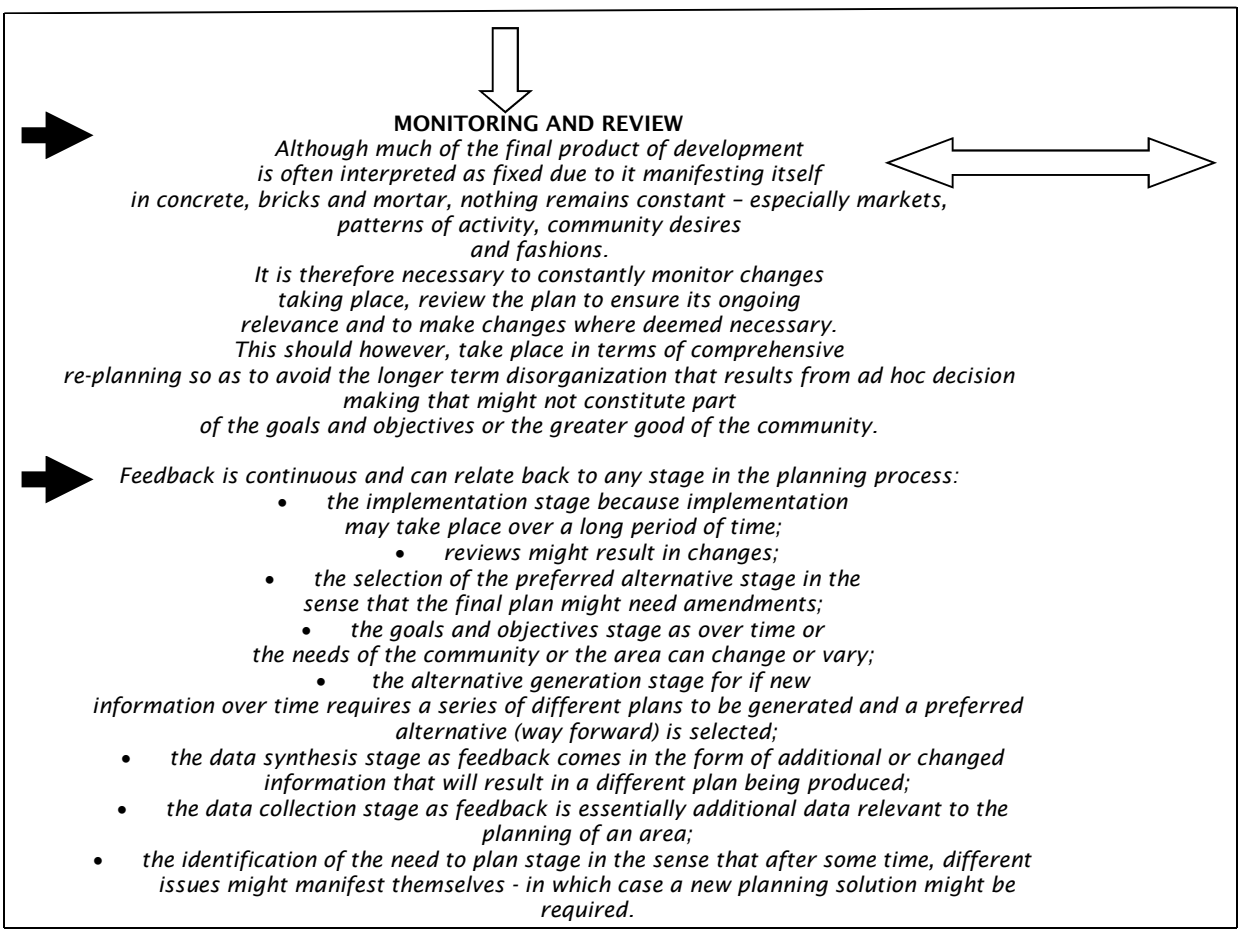

8.4 Purposeful planning for re-shaping the urban fabric

Healey (1997) discusses places both as local environments, where different interests meet and as the focal points for contemporary economic life in a world where people depend on global forces over which they have little control. The overall interest is to discuss forms for the institutional design of governance as opposed to the traditional forms of government. A spatial perspective, which allows people to understand how the different activities they engage in "bump up" against each other and exploit the territory, is refined in these situations – planning challenges have established structures of thinking in disciplinary fields, such as sociology, economics, politics, geography and ecology *(Healey:1997:4).*

The South African planning system, particularly in the days of Apartheid, was conceived during a period when the state could take charge and control spatial organization and the location of development. For many years, planning was approached as scientific knowledge, based in instrumental rationality. Today's situation requires new methods for approaching the institutional design of governance, which address social relations through which daily life and business organization are conducted.

Due to the traditions of thinking engrained during the Apartheid era, planners experienced difficulties when, post-1994, they came to comprehend the management of economics and finance relative to their links with the physical development of cities and towns.

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Following the fall of Apartheid and on the difficult road for South African cities to find a new niche within a newly-entered global context, many urban regions found their local economies undermined by international forces that compelled their restructure. In context of the focus on the locally rooted property development process, a new interest centered on how to create the necessary conditions for local economic life to flourish. The physical convention for development planning was progressing towards a practical management of the dynamics of social, economic, and environmental change in urban regions. The crisis presented by poverty alleviation led to LED programmes that did not always address economic sustainability as the core focus. Policies were articulated as much through the ongoing flow of events, decision, and action, as in formal exercises in policy making. This has been called the *bottom-up* view, in contrast with the more traditional *top-down* formal policy-presided method of planning. Despite the inadequacies of LED programmes, there was a realization that solutions needed to be developed at local level. The bottom-up philosophy emphasizes the interactive nature of planning and focuses on theories of social exchange to analyze the processes. The planning context and practice are thereby socially constituted together.

Post-modernist influences support this search for specific places, underpinning the uniqueness of the local culture by contrasting it to other local cultures where a difference matters. The Newcastle/Gateshead example is a very good case in point where urban renewal was set against the backdrop of culture. The modern-day society is increasingly being shaped in several such cultural communities in which people can live by functioning in simultaneous parallels as they shift between professional, residential and leisure activities. This concern with the culture of places and the realization that social and cultural relations are locally embedded is very evident in Port Elizabeth. In the city's past, the blue-collar and industrial culture was always perceived as a negative, whereas planning of residential, office, retail and tourism/leisure/entertainment, should, in actual fact be based and built upon said culture. This resolve is aimed at addressing the problems of a diminishing production base, growing disparities of wealth and opportunity and the multiple forms of social exclusion within the culture of the place.

Local planning has a key role in shaping places. The new structures are actively constituted through the social relations of daily life where people form relational bonds of shared understanding and mutual trust. This shapes our identities and creates intellectual and social capital. The role of planning in a situation of transformation is part of building such social links and new systems of meaning with respect to place *(Healey: 1997:57).*

The *place* has become a regional strategic tool. Progress depends on how people create these new local cultures and upon the ability of a place to integrate these specific cultural expressions into the global web, forming a dual system where the linking and transforming capacity has a paramount role. This system is an exchange between the local and external cultures. An economy that is driven by the dynamics of global markets and the global movements of finance capital may require a rather flexible and entrepreneurial approach *(Healey: 1997:67).* In response to this, planning systems have to develop the capacity to build learning systems and exclusionary dialogues rather than focusing on the allocation of resources. Therefore, spatial planning should be judged by the qualities of the process, i.e. whether it has the capacity to build relations between stakeholders in urban space and whether these relations facilitate trust and understanding *(Healey: 1997:71*). This aim can be seen in

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contrast with the traditional planning practice, which aims to set limits on what private owners can do with their sites and buildings *(Healey: 1997:73).*

8.5 The role of the property market in spatial planning for economic life

Urban decay cannot be reversed by means of public funding alone – public investment must be responded to by private sector investment. Urban renewal is the process of reversing economic, social and physical decay where market forces have failed. The need for urban renewal arises as a consequence of market inefficiency, including a failure in the property market. Conditions that make urban renewal favourable for property investors to reinvest are at the core of urban renewal. Policy makers, in respect of urban renewal, implicitly seek to address weaknesses in the property market through a range of initiatives aimed at developing the conditions that might attract private sector involvement and ultimately sustain normal private market processes *(Brown:2007:26).*

The role of spatial planning changes due to the fact that the local environment in the present globalized ordering of economic life has a vital role in the competitiveness of urban regions. The trends force local decision makers to consider the possibility of promoting the survival and growth of firms in an urban region, using local knowledge to develop strategies that focus on the flow of inward investment to an urban region *(Healey: 1997:135).* The tools for this are also specific to the local region and implemented by means of incremental solutions using an urban LED approach.

The local attempts in South Africa are directed as a general rule, toward the development of jobs. The main measure of success is a decreased unemployment rate. In the recent global and open world and during an intense period of innovation in new technologies, the idea that place can add value has been cultivated *(Healey: 1997:138).* It is possible to find ways of adding value in open systems by focusing on the institutional conditions for economic activity. The firms draw on location specific assets that are linked to the social and political qualities of places. These relational assets form a local institutional capacity that is important for many firms and which makes it possible to impart influence as a result of the understanding of the dynamics of local economies.

This approach shifts the emphasis on LED strategies from subsidizing the provisions such as jobs, training and units of property, to building local relational webs that develop the intellectual and social capital of the place. The competitive struggle of business for advantage in the market place may need to be combined with relations on which businesses can depend for support. Relational richness in a place may encourage businesses to remain there and may even facilitate their survival therein.

Another such place-originated asset is the property market. Planners have, in the past, almost neglected the capacity of the property market to build institutional forms using property investment and the developing industry, emerging simultaneously with planning activity. They have assumed that land markets will follow the patterns indicated in the plan or that the public sector will step in and fill the gap to promote development where the private sector's action is less than forthcoming.

Land and property investment and development activity have expanded into a development industry and often led to obsolete industrial sites and port sites. Due to the fact that these investments were in the past been driven by financial and political agendas and only marginally linked to real demand in local economies, market uncertainties resulted. During the 1990s, it became evident that these investments had

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to be understood in the same way as other economic sectors with particular capabilities to deliver sites, buildings, and a local environment with qualities of significance for LED.

Spatial and land use planning emerges as a key element in the development of markets. Local planning is drawn into the management of local economies. The challenge for local strategies is to find ways to work interactively with the development industry. This can be reflected in partnership arrangements between private and public sector actors. The implied LED strategies have to build on the local characteristics of places, escaping from the restrictions of local traditions by drawing in outside opportunities that can create new economic capacity. This allows for a rich understanding of the economic life within the local economy. Locations and sites become assets to exploit in a world of dynamic firms in globalizing relationships. The quality of places within an urban region becomes part of the competitive capacity of the region. Local economic strategies therefore require a spatial component more than ever before to address the internal economic efficiencies of specific local societies.

Often it is taken for granted that land and property markets are driven by consumer demands. This is not the case in real life. Speculative investment-driven markets tend to create not just extreme price-hikes, but also reflect a slow reaction to real changes in demand. This trend certainly became prominent in South Africa and the world prior to the property crash in 2008. Patterns of activity nodes in multi-nodal cities shift in dynamic ways, following the on-going changes of demand within cities. Land and property market operators are not sufficiently integrated with the overall pattern of LED and thereby not responsive enough to avoid market failures. These local property markets need help to encourage more stable conditions through careful strategic management and a deep understanding of the particular nature of firms and economic relations of a place. The capacity to form local land and property development is thereby a key ingredient of the place-making challenge *(Healey: 1997:158-159).*

Local governance has the responsibility of demonstrating how being in a particular place adds value to a firm's activities. This will affect the overall economic climate of the region. It has been shown that technology transfer, technopole activities, and innovation often refer to specific places. Many of these places have focused on providing physical assets, such as science park infrastructure or waterfronts. More important, however, is the attempt to build the relational capacity of the place. Land and property activities need to be included in the analysis and integrated into other areas of economic activity. The sum of activities needs to be understood from the point of view of the business world. This requires local government to develop a clear understanding of the practical world of business and to build up a variety of joint working arrangements. It is also important for local government – particularly in a decayed CBD such as in Port Elizabeth – to heavily invest in well researched, catalytic infrastructure projects (and through the process provide the condition for place-making and growth through private sector investment response). Such well-targeted public investment is likely to be followed by private sector investment – creating the needed economic multiplier impact through the creation of *inter alia* a higher GDP, employment opportunities and a contribution to rates and taxes.

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8.6 Creating processes for collaborative planning

The development of the Mandate Area of the MBDA is a matter of organizing the interplay between the market, the planners, and the developers in an interactive and reflexive process within the frames of a specific place. The critique of the traditional policy-orientated planning system is that it is grounded in instrumental rationalism. The new mode should be sensitive to the *consumers* of public policy more than to the government *producers* of policy.

These situations are often characterized by shared power worlds, and there is a need to understand how social networks weave in between the formal institutions of the government and develop governance mechanisms within themselves. These complex interactions between the activities of government bodies, economic activity, and social life cut across the formal organizations.

Government practices reflect the need to provide for a stable and expanding economy. In a society that is characterized by flexible and dynamic networks, the role shifts to that of a strategic enabler which frames and promotes the activities of business and citizens. This requires an institutional redesign. Governance subsequently becomes a matter of managing collective affairs, provided it can be made to interplay with various initiatives and styles in the different government organizations. Spatial land use planning agencies are at the forefront of these very complicated contexts of change, exposed to a pressure for revision of the manner in which government activities operate.

Because the matter of how to transform formal government politics and action to enable an interaction between formal politics, business life and the life of citizens, as a key issue, the logic of policy has to progress towards a more interactive relationship between policy and action implementation.

The representative democracy is based on the idea that politicians articulate the public's interests, which are carried through in hierarchically structured bureaucracies. Bureaucracy, as it has evolved during the twentieth century, has traditionally functioned as a hierarchical structure with activities divided into functional departments, working through policies translated into procedural and legal rules. The problem with this rule-bound and hierarchical approach is its inflexibility. Developing a spatial plan, to be implemented over time is challenging due to the impossibility to foresee all outcomes and to develop rules for all those particular conditions. These problems call for new planning mechanisms as an extension of the present system.

The traditional planning agenda is associated with representative governance where experts are separated from interested parties or practices. Only a few powerful interests are involved in this process and the decisions are made inwards (often through the mechanism of a political agenda or a developer) rather than projected outwards toward people. The growing interest in public participation initiates an exploration of new forms of governance aimed at more collaborative and responsive forms of relationships with the economic and social life.

The need for the creation of locally bounded social economic bonds demands planning approaches that emphasize knowledge creation and interaction between activities in places, from a short, medium and long term perspective. In theory, urban

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and regional planners may prepare master plans, but in reality they stand in a close relational proximity with politicians, administrators, and those who implement the plan. Planning involves a major element of strategy-making, representing a reflexive activity concerned with issues more like a paradigm shift rather than producing yet another map. Those who are involved with change and dynamics in urban regions may together with other stakeholders feel a need to take part in cultural change. The challenge for urban region strategy-making is thus to find new ways of thinking concerning space and place.

The rational planning process imagines technical teams serving representative politicians. These teams undertake analytical and evaluative work in their offices that lead to ideas about managing the environment out there. In practice, the author is often surprised by how many planners have not been to the specific area that they are planning; or even worse, once the plan is implemented, how very few planners go and experience firsthand the outcome of their work from a community/cultural point of view. This environment is brought into the planning studio in a controlled way through the collection and manipulation of data. A revised view of planning recognizes that firms, agencies and households consist of people who bring their own professional and socio-cultural frames of reference to a particular task. Thus, the "inside" in the form of planners (planning) is in a continual and shifting interaction with the "outside" in terms of the various social structures relating to the matter *(Healey: 1997:253).* Interactive strategies and policies are thus not the outcome of objective, technical processes, but rather are actively produced within social contexts. This is planning as a cognitive style rather than as a scientific field. The planner should be seen as a facilitator of debate rather than as a substantive expert. Planning should be a process of open deliberation where the planner is a participant and facilitator rather than the expert in charge.

8.7 Planning models for strategic interactive action

Interactive processes emphasize the social construction of strategic articulation rather than an isolated focus of the co-ordination processes. Different techniques can achieve these social processes. Social learning models recognize that the knowledge developed in group work is not out there waiting to be discovered, but that it is actively being produced through social interaction and learning *(Healey: 1997: 256).*

This process of social learning is of the utmost importance in Port Elizabeth and South Africa, where diverse cultures make an acceptable solution complicated to formulate. Only interactive processes under a specific facilitator bring more acceptable solutions to the fore. Discomfort or uneasiness between different cultures and different disciplines makes these processes difficult, but on the other hand so much more important.

Strategy-making always starts from a specific context, among people and in a specific arena. These strategy processes become active through the culturally-shared efforts in making futures *(Healey: 1997:284).* This framing process replaces the blueprints of the traditional linear ends-means model associated with earlier planning systems. In collaborative strategy-making, the participants change themselves and their contexts through their engagement with the collective design process. Co-ordination happens through shared meanings rather than through rationally calculating individuals *(Healey: 1997:285).* How well the grassroots process works depends on institutional

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factors. The informal processes need support from political, legal, and administrative processes to give legitimacy to the forums of discussion and the conclusions drawn there from. Systemic institutional design creates a frame for the soft infrastructure work.

Collaborative decision-making can be facilitated in urban planning and is often also concerned with far reaching strategic matters. In handling these matters, planners often find the situations characterized by a lack of reliable knowledge, complex functional interdependencies, counteracting values and conflicts among participants.

Communicative approaches have a tendency to neglect the power relations of society. There must be a strong understanding of the respective powers in the planning process. Policies and strategies are developed in contexts where complex power struggles form the background to incremental decision-making based on fragmented analysis and valuations. Bargaining and negotiations constitute part of a context where rationality yields to power – an outflow often experienced in South Africa. The involvement of a range of stakeholders, however, is also one of the practical problems.

The ambition to involve all stakeholders is often violated simply due to a lack of time and resources *(Stromberg: 2001:62).* Only when projects become tangible or conceivable, do parties become active. Discussions about "here and now" are easier than debates about change for "there and then". The process goes hand-in-hand with the project, and conventional planning and communicative planning are complementary, not interchangeable *(Stromberg: 2001:62-63).*

Stromberg describes typical situations with many stakeholders involved as, "shared-power-no-one-in-charge". In order to manage these complex matters, *Stromberg* encourages the use of forums, arenas (in an institutional context) and legal courts to establish a structure for the understanding of their tasks. In the forums, new ideas are created using communication and human interaction. These forums specifically serve to frame individual projects. In the arenas, which are more formal, policies and implementation are shaped. In the legal courts, conflicts are regulated in a formal manner. The described situations are very much contested with power regulations. The first dimension of power is related to human action; the second dimension of power pertains to the agenda setting; the third dimension of power refers to the deep political, social, and economic structures that society provides *(Stromberg:2001:63).*

Figure 11 demonstrates *Stromberg*'s approach to forum, arenas and legal courts.

Stromberg's approach is a model for the address of messy and ill-defined complex questions that present a high degree of uncertainty for actors with competing interests. It may be viewed as a developed method for incremental decision-making, where the planners act both as experts and as mediators with an objective to realize ultimate solutions. This kind of group discussion can shape the conditions for "double-loop learning"; learning about the conditions for the situation that might lead to a total re-formulation of the matter. This has been termed, "frame-reflection" *(Stromberg 2001:67).* The discourse has similarities with *Storper*'s notion of reflexivity.

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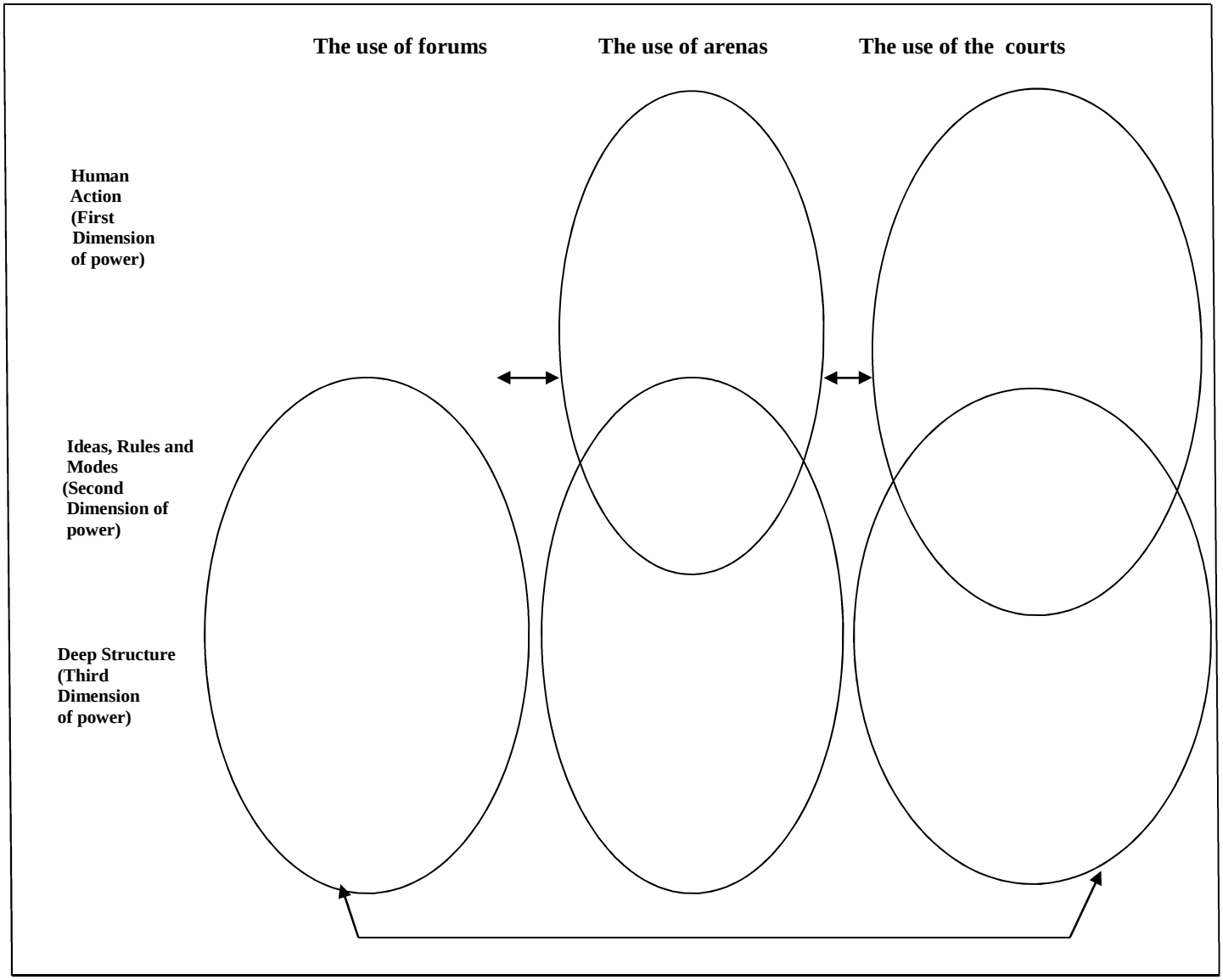
Figure 11: An approach to power relations in urban planning



Stromberg creates a process to facilitate the sharing of ideas, mutual learning, and the analysis of complex issues by groups of people in interactive collaboration in an explorative way. This is called the Strategic Choice Approach **(SCA)** *(Stromberg: 2001:77).* SCA focuses on process management by moving backwards and forwards to gradually frame the issues while incrementally making decisions. This approach resembles how architects sketch while they search for solutions. Thus planning is a process of moving forward strategically rather than the attainment of a strategic aim: "The focus is on the connectedness of decisions with one another, rather than the relative importance attached to each decision"*(Stromberg: 2001:79).*

Stromberg's method may be illustrated by the following example: The MBDA's infrastructure projects are a sub-component of the NMBM's bigger infrastructure programme. The MBDA was not responsible for the Bus Rapid Transport **(BRT)** System, as this was not a SSIF project. The semi-pedestrianization of Govan Mbeki Avenue and the reconstruction of Jetty Street (see Chapter 10) took place while the

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BRT was planned and designed and the two processes were required to dovetail from a design point of view. Whilst the BRT was aimed purely at addressing transport problems, the Govan Mbeki project was more concerned with the movement of people (functionality). The MBDA's process, as outlined in this study is an inclusive, innovative approach, with development forums playing a crucial role. Whilst the MBDA underwent a consultative process in respect of the taxi operators in Strand Street, this process was not always followed in the initial stages of the BRT system, hence the number of violent taxi operator strikes that disrupted the construction of the BRT system in 2009. Stakeholder consultation increases community support and a sense of shared interest between planning authorities and non-authoritative stakeholders. Following an initial seminar with the Strand Street taxi operators, outlining the implications for taxi operators during construction and thereafter, a temporal forum was established in the form of a steering group with representative politicians, which addressed the projection of the BRT system alongside the infrastructure projects of the MBDA.

Under the guidance of the steering group, an incremental process was taken on that led to a total redefinition of the problem – a definition on which all implicated participants could agree. The initial problem with projects implemented in silos, or projects driven by different departments without cohesion or communication – was that the working groups were composed of different specialists from different departments in the NMBM and each of these groups had their own concealed agendas and ambitions relating to their particular department's needs. This was not always intentional, but more often than not, due to a lack of knowledge. This is frequently an outcome of the element of uncertainty (the intra-organizational uncertainty). To address these power interrelations and the uncertainties involved in these kinds of projects, a process leader with a high degree of integrity needs to be in charge of the process. In this case the MBDA proved to be that facilitation vehicle.

The working groups needed to be able to question the standard approach and identify other strategies. This led to a new view on how urban transport may be managed. The result was that the BRT team of the NMBM and the project team of the MBDA formed a weekly steering session that was almost purely aimed at information and objective sharing.

This process is an example of double-loop learning; learning that contributes to the re-formulation of the problem into a new possibility.

The case illustrates that results can be achieved if the discussions are moved away from their ordinary arenas into new temporal forums where the rules can be re-set. In the forum, the planning activities are not a matter for the representative democracy. Instead of rigorously following prescribed stages of planning procedures, it becomes possible to focus on development of decisions for change in an incremental way. The presence of politicians in the steering group implied that there was a connection between the formal arena (the city's established official structures) and the informal forum (the specialists, consultants, and other professionals).

The facilitating capability of the MBDA in this kind of work represents a new professionalism in urban renewal both in the public and in the private sector in Port Elizabeth. These new professionals' core competence is to structure messy problems, facilitate dialogues, to encourage people to bridge disciplines and to provide professional skills for developing concepts and solutions.

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Collaborative efforts build up a social, intellectual, and political capital that becomes a new institutional resource. This is not a matter of discarding systems, but rather one of developing new institutional infrastructures as complements to the old systems used to address these issues. This generates a cultural community that enables future issues to be discussed more effectively. The experience from the discussions is that the created cultural community carries a culture of collaboration over time.

8.8 An actor-relational-approach through communication

Since the 1980s there has been a growing awareness of the need to embed spatial planning in the ambitions and address of controversies of key social and economic groups in everyday life. Spatial planning of the past became too bureaucratic, process-orientated and narrowly-focused on land-use regulation. As such, it struggled to adapt to growing (de)-fragmentation and continuous multi-actor, multi-scaling of an increasingly networked society.

"Maintaining a sense of belonging whilst at the same time constantly becoming, implies a dynamic interplay between human action and urban space" *(Odendaal: 2011: 7).* The African identity often displays a remarkable capacity not to need fixed places. Processes through which socio-networks are created are as important as the actual outcomes of the processes. The open-ended nature of the processes through which these relationships are defined and redefined, means that the actor is generated in and by these relationships.

During the recession of the 1980s, countries – when confronted with massive unemployment, governmental overspill and rising debts – developed neo-liberal administrations, focused on tax reductions for industry and addressed the reductions of public deficits and public service budgets. Privatization of public enterprises, deregulation and decentralization were also focused upon. The function of planning was suddenly confronted not only with the traditional land-use regulation, but also with the task of improving the economic perspectives of a city within the rising network society and massive environmental challenges. The social component focus of spatial planning shifted from social programming towards the way in which people and businesses experience their surroundings and recognize themselves within them. Regions and cities were not approached merely as passive spaces to be planned or designed by an authority, but as active environments that influence, and are influenced, by the interactions of actors *(Giddens: 1984:51).*

This would not mean the death of the role of planning or of institutions such as (national) governments, but the reorganization of the welfare state towards a kind of late-modern social investment state in which governments should focus on activating those critical, jammed parts of the civil and business society by cautiously introducing elements of market approaches, reforming civil services, and re-orientating to a local supranational level *(Giddens: 1984:54).*

The market demands a planning style which would again be directly linked to social movements and the various interests of the city in a kind of, what *Giddens* calls, an entrepreneurial style of planning. This implies development of informal arrangements by which public and private interests function together in order to be able to make and

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carry out governing decisions. Planning then becomes a discursive, communicative or collaborative approach, in which planning is an interactive and interpretive process, drawing on the multi-dimensionality of environments rather than on a single formalized dimension.

A characteristic of these kinds of interactive planning is the blurring of the fixed boundaries between public and private, the collective and the self-organizing, while the plan becomes the *means* instead of the purpose of consensus building. Through this process, one leans more towards interactive governance. Emphasis is placed on trade-offs between spatial, economic, socio-cultural and ecological interests.

According to *Boelens (2009:183) integrated development planning* is characterized by:

- An integral approach to an area
- on the basis of a shared quality vision, in which
- public, private and individual (i.e. public business and civic society) supplement and reinforce one another in a co-production arrangement and
- with explicit attention to financing.

Reference is made to the need for all participants to sense the urgency of achieving development and for the equally important need for the partners in a PPP to be able to build up a long-term relationship of trust. There is a call for a transformative practice, in which planners, decision-makers and institutions need to be extracted from their comfort zone and given a challenge of conventional wisdom to seek the prospects of breaking out of the box.

A bigger emphasis on economics means that planning goes beyond the plan. As opposed to, for instance, present day approaches which have focused on a plan that works, the actor- rational approach does not focus on a particular plan or a particular formal institution as the given central objective or subjective. A behavioural actor-relational view demands a prominent role for a more neutral moderator and an open medium to sketch opportunities. The focus is turned around, outside-in instead of *inside-out* (*Boelens (2009:187).*

The point is not to formulate an objective, vision or plan, which then has to be implemented in trade-offs – whether or not within a PPP – but to identify opportunities and connect them to possible actors who/that might wish to associate with common opportunities, possibilities and/or themes from the ground up.

In this context, one distinguishes between leading actors within the business society (with a primary focus on profit-making), within the public society (with a primary focus on representational vote-winning) and within the civic society (with a primary focus on specific partnership interests). Although these actors thus have various focal points, one acknowledges that it is also possible to bring their interests together on specific planning items. The more they converge, the more durable the relationship will be. Moreover, it is acknowledged that the focus on leading actors also introduces

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a certain power connotation or subjectivity into this actor-relational approach. But in principle, this is always the case - even with the seemingly more symmetrical communicative, collaborative and discursive approaches. Furthermore, this revolutionary approach always comes from embedded actors in broad networks of economic, political and civic interconnectivity; who need therefore to base their dominance on that interconnectivity.

The concept of sustainability in particular, is central to this actor-rational approach, but in a complex sense. It refers equally to sustainable economics (i.e. profit generation), a sustainable social structure (i.e. broadly supported), a sustainable spatial solution (i.e. well embedded in an evolutionary, relational viewpoint) and sustainable environmental solutions. The commonly discerned unique core values or unique selling points of a specific landscape, street upgrade design, social community or geographic constellation are included as meaningful, dominant factors and actors of mutual concern, that as such, constantly enjoy a central position in the actor-relational-approach. In fact, they become the central focal points, against which the planning associations are continually measured in terms of their objectives, development and results.

Accordingly, in actor-relational practice, a search is conducted right from the start for commissioning bodies in the private or semi-private/semi-public sphere, in order to circumvent these problems. The practice therefore operates *outside-in*. A special purpose vehicle always has a *framework-setting* or *facilitating* role. However, the main process takes place through the focus on the specific entrenchment of actor-relational actions by and through stakeholders in the business and civic society.

The actor-orientated approach is also associative through and through. It primarily consists of building effective actor network associations around meaningful themes or issues as a starting point, a working method and an objective.

8.9 Conclusions on planning for place-making

By relating the case of the MBDA to the South African and in particular Port Elizabethan urban planning system, similarities with the intentions of the MBDA and its SSIF are noted, but extensive deviations are apparent as well. The MBDA is based on a qualified dimension of implementation as a complement to the system of formal planning.

The South African planning system is based on an instrumental rational logic where scientific methods are used to predict future uses and trends. There exists a growing attention to the fact that this is an obsolete assumption. Rising complexity in the South African urban scenario due to influences beyond the control of the stable state erode the system's setup, resulting in a need for a revised planning paradigm. This is addressed through an ongoing revision of the fundamentals of planning as we know it in South Africa, Port Elizabeth (and possibly internationally). The shift is largely based on a need to form partnerships between public and private actors in order to master complex situations and implement vast urban programmes. Following the globalization of the economy, the local context and how it is developed and managed is of rising significance for the economy. Add in the cultural diversity of South Africa and Port Elizabeth – and the need for a paradigm shift in urban planning becomes even more acute. The *place* and its institutional settings in the form of reflexive and

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property-based capacities form a critical aspect of urban planning. In a broad sense, planning is a vital instrument for the creation of these desired capacities of places – particularly in their contribution to LED.

The need for a revised institutional arrangement to solve these challenges may be found in the forum-settings model. In a specific forum-setting for a place, a wholeness commission can involve a range of stakeholders relating to the place although acting at different levels in the system. This forum-setting represents an institutional design of governance that interacts with different formal arenas in society, representing established sector-based patterns of government.

The discussions and suggested methods provide a frame for an understanding of processes attached to planning. The planning process is extended into several other fields. In a sense it can be said that the MBDA represents a *bottom-up* perspective, wherein much of the action emanates from business projects, involving tangible building projects, conceived interactively with the processes of briefing and planning.

The enabling procedures – where the partners shape the new opportunities – are integrated with the formal planning process. These enabling procedures have a critical role in balancing private market ambitions with the ambitions of the formal system of government in the City of Port Elizabeth. That is why a critically important relationship exists between the MBDA and the Planning Department of the NMBM. The MBDA represents not only an administrative system for the implementation of *soft* (e.g. security and cleansing) and *hard* infrastructure (for example the pedestrianization of Govan Mbeki Avenue, Parliament Street, the redevelopment of the Donkin Reserve, the redevelopment of Kings Beach, the Nelson Mandela Bay World Cup Stadium – a project that came about through the FIFA World Cup and therefore not a *bottom-up* approach project) and other urban renewal projects, but more importantly, a place-specific forum that is arranged for governance-based planning, mobilizing partnerships and implementation.

The forthcoming chapters endeavour to tell the story of the MBDA. This is an outcome of the theoretical setting, but more importantly, the outcome of a *bottom-up* approach to urban planning, participative observation, interviews and surveys.

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CHAPTER NINE

THE MANDELA BAY DEVELOPMENT AGENCY



The semi-pedestrianized Parliament Street (a former redundant entertainment precinct) restored to its former status as a safe entertainment precinct

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9.1 Background

Cities in South Africa

South African cities are faced with particular challenges linked to the legacy of Apartheid, delayed urbanization and political transformation. South Africa has inherited a dysfunctional urban environment with skewed settlement patterns that are functionally inefficient and costly, with huge service infrastructure backlogs in historically undeveloped areas.

Approximately 58% of the South African population lives in urban areas and the trend is escalating. South African urban economies are supported by good urban infrastructure *(South African Cities Network: 2007:4).* It is possible for the consolidation of this infrastructure to contribute significantly to the creation of employment opportunities. As such, cities provide critical vehicles for economic, social and political transformation within South Africa (and also worldwide).

During the period of transition between 1991 and 1995, local governments lacked the credibility and legitimacy for effective governance. Following the 1994 elections, local governments focused on the delivery of services on an equitable basis. It is widely acknowledged that service delivery suffered during this period, mainly due to the emerging crisis in local government finances and the lack of institutional capacity to deliver, but also due to a lack of local leadership. *(South African Cities Network: 2008:14).*

Historical legacies and the impacts of the process of transformation and change are not distributed uniformly throughout cities, but are increasingly manifested as growth or decline within specific geographic neighbourhoods. This process generates increased polarization and fragmentation within cities, undermining their economic base, productivity and ultimately leading to political and social instability *(Interview with Sithole Mbanga, Chief Executive Officer: South African Cities Network: 9 June 2010).*

Solutions cannot merely be left to chance, time or to the market. Rather, they require active intervention and management with a very specific urban renewal focus *(South African Cities Network: 2008:14).*

The interventionist approach must be viewed in the context of the tensions between the policy agendas of economic growth and development and the policy processes of participation and formal institutional politics. The city visioning of post-apartheid Johannesburg demonstrated this tension. The international-based Monitor Group, an initiative introduced by Michael Porter, was commissioned to conduct key research in the post-apartheid visioning of Johannesburg. The report *(Monitor Group: 2001:58)* stated that, “kick-starting the local economy cannot be about relying on local demand to drive growth.” Therefore, consistent with national and provincial economic policy, the Johannesburg economic development strategy is based on positioning for competitiveness beyond the borders of the city and the economy. Such a city vision requires an interventionist approach, which means providing general infrastructure on which to base a strong platform for global competitive growth, through targeted action to reposition industries in higher growth areas, and investment to provide the advanced infrastructure and services necessary for the knowledge-based economy.

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Accordingly, urban renewal interventions seeking to address an area-specific decline in urban centres should not be undertaken as stand-alone activities. Instead, they must be located within the broader IDP of the city, regional frameworks and city strategic visioning *(Parnell and Robinson: 2006:337).*

The study focuses on urban renewal in urban centres, as central business districts are the core of economic activity. A successful urban renewal project will not only have a positive impact on the local economy, but also on the regional economy to create a collective whole that reinforces the eventual economic impact.

Urban centres have strong image roles. They are an important source of revenue for local government as well as a significant source of regional economic growth and, in most cases, make substantial contributions to the gross national product *(South African Cities Network:2008:14).*

In South Africa, urban decay did not only come about due to de-industrialization, sub-urbanization and a cyclical process, but also due to parking problems, crime and traffic problems that contributed to the congestion of cities and the development of secondary urban centres. Also, the impact of the *Group Areas Act (Act 41 of 1950)* robbed cities of their vibrancy and economic life (e.g. District Six in Cape Town and South End in Port Elizabeth). This led to a shift in consumer patterns and the commercial stock in cities became increasingly unable to attract new tenants owing to the systematic loss of agglomeration. The aging, built environment of the cities' properties also inhibited their ability to accommodate new technologies. The inability of the municipalities to enforce by-laws (considered an unpopular and embarrassing activity by many politicians) amidst: informal trading activities; the political transition and the paralysis in decision making; the poor management of municipal land and buildings; and urban lawlessness, crime and the perceptions of crime – meant that a much needed intervention was required to prevent the engines of growth and revenue from collapsing altogether.

Legislation is often required to give effect to urban renewal policy objectives of area-based urban renewal. This is mostly the case internationally. This is, in particular, required to establish institutional vehicles for urban renewal to fast-track development.

Other than the introduction of urban development zones **(UDZs),** which are a form of tax incentive, no legislation has been introduced to address the upgrading of urban centres in the South African context. The required intervention normally comes in the form of strong leadership and the establishment of urban renewal institutional drivers.

Urban planning is the core of an interventionist approach. It becomes a tool to reconstruct decayed cities. Apartheid-period South African urban planning – or a traditional method of planning – was used as a tool to implement apartheid through *inter alia*, the non-participation of people of colour. It may have been used as a negative tool; however, it also became a constructive tool, through an urban planning informed economic approach, in the reconstruction of a decayed city *(Mabin and Smit: 1997:195).*

Nelson Mandela Bay

The NMBM is a relatively new municipality – established in 2000 – in compliance with the terms of the *Local Government Municipal Demarcation Act (No 27 of 1998*). It comprises

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the previous municipalities of Port Elizabeth, Uitenhage and Despatch as well as portions of what previously fell under the Western District Council area of jurisdiction.

As one of South Africa's six metropolitan areas, covering an area of 1950 km², the municipality encompasses the largest urban settlement in the Eastern Cape. Like many other urban areas in South Africa, it faces the challenges of social and political transformation, restructuring and the deployment of resources in the interest of developmental local government, as well as economic development for the benefit of all its residents.

At the heart of the metropolitan area is the former Port Elizabeth CBD and the waterfront area surrounding the existing harbour. It has a unique identity which sets it apart from any other urban locale in the country. However, the area has declined economically over recent years with development moving towards suburban areas wherein there is a perception of greater security, less congestion and easier access. The central city area has also changed to meet the needs of the different clientele, including people who depend on public transportation and who use more cash than credit. This is not an unfamiliar phenomenon and is also evident in many South American cities.

Urban decline in South Africa (and Nelson Mandela Bay) normally stems from a combination of factors, such as the emergence of alternative nodes, significant transport, traffic and parking problems. Also a major cause, have been the political shifts that took place in the 1980s which saw the arrival of large numbers of people in the CBDs in defiance of the Apartheid legislation of that period. The latter was in actual fact a great opportunity, but the authorities at the time were unwilling to respond to these demographic shifts by providing the necessary infrastructure – such as taxi ranks, improved public transport, trading facilities and public spaces *(Interview with Lael Bethlehem, Standard Bank, South Africa, 10 January 2010).*

In the case of the Nelson Mandela Bay municipality, it is clear that the area is ripe for intervention aimed at redevelopment, re-investment and reinvention as the heart of a truly African city, with life, vibrancy, safety, security and cleanliness.

Added to this is a new drive to relocate the dirty, industrial elements, such as the oil tank facility (to be completed in 2014) and the manganese ore facility (to be completed in 2016), to the new high-tech, deep-sea Port of Ngqura, now completed some 30 kilometers north of the existing port. The net effect of this is that a considerable amount of land holdings will be made available for redevelopment. This redevelopment must be carried out in such a way that the best development options for the area are realized, offering the greatest opportunities for investment and the sustainable and continuous generating of wealth for the city as a whole.

It is imperative that this opportunity be capitalized upon to greater advantage, so that options are flexible enough to accommodate a range of developments and so that something unique may be developed on the South African coast – something that will become a draw card for tourists and industry and make residents proud of their hometown.

The MBDA

The MBDA was established in 2004 as a Section 21 company, but (at the time of the writing of this thesis) steps are being implemented to convert into a private company. The MBDA was founded within a stable, local political environment, under a municipality seeking to

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equate its economic and tourism growth rate to that of global standards. The original mandate area was in the CBD of Port Elizabeth.

The mandate was founded at a time when the local economy was, and still is, beginning to make a long-term growth upturn, *albeit* from a low economic base. A regional analysis of the GDP growth of cities by economic consultants, *HIS Global Insight, published in the South African Institute of Race Relations (January 2012:6)* survey for 2010/2011 shows that Rustenburg (where the world's richest platinum deposits are and an economy driven by platinum) grew by 3.9% during 2010, whereas the national GDP average during the same period was 2.8%. During 2010 the city of Rustenburg was only outdone by the Nelson Mandela Bay area, which grew at 4.2 % whereas the traditionally strong city areas, such as Johannesburg and Cape Town, grew at 2.4% and 2 % respectively. The report indicates that growth occurred mainly in the tertiary sector (i.e. real estate and tourism) and not in the primary sector, (i.e. mining, which is non-existent in Port Elizabeth) or in the secondary sector (i.e. motor manufacturing and related industry), which is traditionally the strongest driver in the GDP growth of Nelson Mandela Bay.

The Constitution of the Republic of South Africa (Act No 108 of 1996) introduces the concept of "developmental local government" *(Constitution of the Republic of South Africa 1006:14).* This means that municipalities are no longer merely providers of services and facilities, but are now also required to meet an ever growing development agenda to ensure economic growth through catalytic investment in public infrastructure that will result in private sector investment.

The NMBM is responsible for many aspects of municipal development over its substantial jurisdiction – an area of 1950 km². As such, its resources are stretched and certain aspects do not receive adequate attention.

The central city area is one example of this. The rejuvenation and economic redevelopment of the inner city –with a goal to promote *inter alia* tourism/entertainment/leisure, office, retail and residential development – is sorely required in order to breathe new life into the area, begin economic regeneration and, in turn, rejuvenate the economy of the Nelson Mandela Metropolitan area.

Having identified this and so as to pursue development of local government principles, the Nelson Mandela Bay Municipality, with the assistance of the IDC, proposed to establish and use the mechanism of a development agency to manage the project of regenerating and reinventing the inner metro precinct with the objective to promote economic and tourism development. The geographical area for which the Agency is responsible includes the CBD, harbour/waterfront, Central, Lower Baakens River Valley and surrounding areas.

As a tool, development agencies have been used successfully in different forms overseas, so the mechanism is not an entirely new concept. Countries that have employed this development tool include Sweden, France, the United Kingdom and many parts of the United States.

Although there are successful examples of urban renewal in the world, most are industrial cities, the renewal of which was preceded by a collapse in industry. Thus, it was necessary to re-use buildings and to adopt an interventionist approach through investment in public infrastructure. These were predominantly cities with a huge industrial influence and strong

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corporate companies responding to public investment. The situation is somewhat different in Port Elizabeth; industry is still strong (particularly motor manufacturing and related industry); the city has experienced a capital flight to new economic nodes (such as Newton Park); the city did lose its Western fabric swiftly – which resulted in rapid urbanization and building decay; and the regional economy has shrunk, resulting in increasing skepticism concerning the city and the region. The city quickly gained the reputation of being the *Armpit of South Africa* and the *Ghost on the Coast*. The closure of the Ford manufacturing plant in 1986 had a negative impact on the economy and general confidence of the city; an impact that is felt to this day. Motor manufacturing and related industries have recovered though and the city has become a generally successful industrial trading city.

The case of the MBDA is mainly a question of how a successful trade and manufacturing city acts in order to deal with a major decline of its CBD. It is a story concerning a significant interaction between urban and economic development and between those who manage the city and those who are responsible for the development of its corporate environment. It is an example of not only significant investment in urban infrastructure (public and the resulting private investment), but of realizing that urban renewal is not simply about bricks and mortar, but also about changing perceptions. The industrial backdrop of Port Elizabeth became the strength of the urban renewal process surrounding retail, office, residential, tourism/leisure/entertainment. It was not necessarily the *Achilles Heel* of the city.

The core case study presented in this thesis spans a five-year period, commencing in 2005. The focus of the thesis is on how the MBDA intervenes to ensure urban transformation. By way of introduction, the case study is presented in the context of four years of urban development efforts.

9.2 A history built on the motor manufacturing industry

The Nelson Mandela Bay Metropole is the fourth largest industrial area in South Africa, but the magnitude of its industry does not match that of the three other major metropolitan areas - Cape Town, Durban and Johannesburg.

The first elements of a market economy began to appear in the Eastern Cape only after Britain took control of the Cape in 1795. The Dutch East India Company had previously planted a beacon at Algoa Bay in 1752, as a token of its ownership and had designated the Fish River as the eastern boundary of the colony in 1780. However, little effort was made to assert this claim.

After 1795 racial friction continued between the colonialists and indigenous group on the frontier between the Eastern and Western Cape. This led to the realization that a depot was required along the Eastern coast, one that would be easily accessible from Cape Town and from which troops could speedily be despatched to deal with any disturbances that might arise (Co*ry: 1965:100*).

In 1820, the first British Settlers disembarked at the western edge of Algoa Bay – due to its advantage of being a relatively safe landing place along the Eastern Cape coastline – despite having planned to disembark at the eastern frontier of the Fish River.

Hereafter, expansion was rapid. The new Settlers not only raised the volume of trade conducted through the port, but also stimulated the growth rate of local trade in Port

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Elizabeth and other Eastern Cape settlements. As early as 1823, a visitor to Port Elizabeth remarked that the settlement had, "in consequence of the great increase in the coasting trade, risen rapidly in importance". The village, at that time, had "two respectable inns... many neat and substantial houses and stores", and a population of about 500. (*Thompson: 1967:43*)

The arrival of the British Settlers rapidly developed the area. The Settlers arrived at a time when the British textile industry was developing an insatiable demand for wool and the Cape government was encouraging wool production as a means of improving living standards in the interior.

Port Elizabeth was the natural destination for much of the interior's wool. Access to Cape Town and minor ports such as Mossel Bay was impeded by a series of mountain ranges. Thanks to the demand for wool, Port Elizabeth became South Africa's most important harbour in the 1860s. During the 1850s Port Elizabeth began to process more exports than Cape Town, and during the 1860s it also became the country's main harbour for imports. As a result it processed 60% of all foreign trade during the decade *(Appel: 1991:5).* Because of the pre-eminence in the textile trade, Port Elizabeth became widely known as the "Liverpool of the Cape" *(Appel: 1991:7).*

The government that came to power in 1924 was an alliance between the National and Labour Parties. The government was committed to stimulating industrial development by means of import duties and other protective measures. A policy regarding this was drawn up and this enabled Port Elizabeth to greatly progress as an industrial centre. In response to its electorate, the government also adopted a civilized labour policy which protected white workers from the competition of other groups. The policy was of great assistance in alleviating poverty amongst the growing number of unskilled and unemployed Afrikaans-speaking white workers in the urban areas. Many of them were subsequently given preferential employment by government departments, municipalities, the railways, harbours and some of the major new industries in the private sector – such as the motor industry.

Port Elizabeth's location, as a manufacturing centre, has always provided a number of major advantages. As early as 1917, a promotional brochure described Port Elizabeth as, "a natural manufacturing centre, possessing all the facilities, natural and artificial, essential to the manufacturer and distributor: easy accessibility, good markets, efficient transport, adequate supplies of energy, water, labour and raw materials... geographically, Port Elizabeth is the natural distributing centre of Southern Africa. Its position midway between the West and East Coasts gives it pronounced advantages over its competitors." (*Terblanche: 1993:15*)

These considerations – and particularly the decision by the motor industry to utilize Port Elizabeth's strategic location as a distribution centre – account for much of the city's industrial development after 1920.

After the establishment of the Union in 1910, motor car imports grew at a rapid pace, with the value of imports of cars rising tenfold between 1910 and 1924 (*Julies and Lumby: 1998:18*). Transport of fully built cars proved expensive, due to crating costs, freight charges and damages incurred during shipping. In the early 1920s Ford therefore calculated that it would be more economical to assemble cars for the local market in South Africa itself. Apparently, Ford would initially have preferred to establish the assembly plant in Durban, but when the local Ford agent was unenthusiastic about the prospect, it was decided that Port Elizabeth would be the location. An old wool warehouse in Grahamstown Road was

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converted into an assembly plant and in February 1924, the first Model T was assembled. By 1929 more than 5000 cars and trucks had been assembled at the plant and an increased demand made it necessary to move to a larger plant in Harrower Road in 1930. At this time Ford had more than 200 employees.

General Motors followed suit and began to assemble its Chevrolet cars in North End in April 1926. Production expanded rapidly and reached 1000 cars in October 1926 and 5000 cars in May 1927. At this stage it had become the largest factory in South Africa, with 745 workers – all of them white – capable of producing 10 000 cars per year. In 1929 it moved to larger, new premises in Kempston Road.

These initiatives immediately stimulated related industries (*Leigh: 1966:402*). Engineering works became involved in the production and installation of factory equipment at General Motors, Ford and other new companies and later became a pioneer in the manufacturing of motor vehicle components such as brake drums and wheel hubs. The strong growth in motor car sales, together with the incentives of tariff protection also led to the production of tyres, glass and other components for which there was a large replacement market. Thus, in 1935 both Shatterprufe and Armourplate established factories in Port Elizabeth to supply safety glass for the motor industry as well as for the building industry. Both became large employers of labour. Firestone began producing tyres in September 1936 and by January 1937 had produced 20 000 tyres. At this stage it employed 200 white workers.

It took less than two decades for the motor industry to become a major factor in the region's industrial landscape. Prior to World War II, in 1935/36, the textiles and footwear sectors still dominated the local industrial base in terms of employment – which accounted for 26% of industrial establishments as well as the value of net output; because of its labour intensive nature it provided 43% of total industrial employment (*Phillips and De Coning: 1969:62*)

In contrast, the more capital-intensive transport equipment sector contained only 9% of the industrial establishments in the region and supplied only 15% of total industrial employment. However, it already produced 37% of the value of total net output of industry – considerably more than that of textiles and footwear sectors (*Phillips and De Coning: 1969:65*).

9.3 Harbour development

Industrial expansion increased the urgency for a modern harbour. It was abundantly clear that the lack of suitable harbour works impaired the optimal use of Port Elizabeth's natural advantages as a strategically placed port for the importation of raw materials and for the production, distribution and export of finished products. Insufficient harbour facilities – as well as railway politics favouring Cape Town – had caused Port Elizabeth to gradually lose its initial advantages as an access point (*Appel: 1991:4*).

During the 1880s, the government had constructed two jetties, equipped with steam cranes. Ships remained anchored in the roadstead while cargo and passengers were transferred between the ships and jetties by means of small boats. In 1902 a third jetty – the Dom Pedro was completed. But it was only in 1922 that a start was made with the construction of a breakwater. This was the south breakwater that would provide some sheltered water during south-easterly gales, where ships could anchor and discharge their cargoes into the lighters. It took twelve years to complete the breakwater, the construction of which provided employment for hundreds of impoverished whites. The need to alleviate unemployment at

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the time of the Great Depression was also an important consideration in 1931 – when the government finally approved plans to develop a modern, enclosed harbour. The plan included the construction of quays, which would provide deep-water berths in the area to be protected by the breakwater being constructed.

When the first deep-water quay became operational in 1933, it was described by the Eastern Province Herald as, "the most important event in the history of Port Elizabeth since the landing of the 1820 Settlers". The lighterage system could now begin to be phased out. The breakwater was completed in 1934 and the first quay, the Charl Malan quay, in 1938. A second quay was completed in 1939 and a third in 1959, both of which obtained a pre-cooling plant and cold storage facilities for fruit exports. A specialized ore-loading berth was added in 1963 for iron and manganese ore exports, and a container wharf in the 1980s.

9.4 Post-War industrialization

Motor manufacturing played a crucial role during World War II, by producing vehicles and performing other services for the South African Defense Force. Ford alone produced 36 339 vehicles for the Defense Force during World War II (*Leigh: 1966:54*).

After the war, the pent-up demand for passenger cars required rapid expansion of production. Ford moved to a new factory in Neave Township in 1948, which was the biggest plant under one roof in the country.

One of the most significant developments was the establishment of the region's third motor assembler in Uitenhage. South African Motor Assemblers and Distributors (**SAMAD**) was founded in 1946 and began to assemble cars in 1948. At first it assembled Studebakers, followed by Austins and from 1951, Volkswagens. Volkswagen immediately proved to be an extremely popular car and the factory was able to sell 50 000 units within ten years.

The expansion of the local assembly industry and the introduction of imports controls in 1948 nevertheless encouraged the establishment of a large range of related industries in the area. For example, Goodyear established a large tyre plant in Uitenhage in 1945.

In 1961, the government introduced a local content programme for the motor industry, with the objective to transform it from primarily an assembling industry into a manufacturing industry (*Julies and Lumby: 1998:21-22*).

The policy stipulated that – over the course of time – an increasing proportion of the inputs used in the production of cars should be obtained from local sources. The potential benefits envisaged for the policy included large new investments and additional employment in the manufacturing industry; a new local market for South African steel, and a consequent saving of foreign exchange; as well as a significant infusion of high-level technology into the local industry.

As a result of the local content programme, the motor industry became even more dominant in the regional economy. In 1967/68 the transport equipment sector provided employment to 40% of all industrial employees. Only three other industry groups were of any significance to the structure of employment; these were the food (12%), textiles (11%) and footwear (8%) industries (*Julies and Lumby: 1998:21-22*).

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Today, the motor manufacturing industry is the largest of its kind in Africa and in the southern hemisphere. Port Elizabeth is often called the *Detroit* of South Africa. The industries feeding off the motor manufacturing industry – such as tyres and windscreens – made it a successful cluster and the cornerstone of the local economy. It has also proven to be a cluster prone to external economic shocks and as much as it has brought development and wealth to the city, it has also been responsible for a near collapse of the local economy on a number of occasions, such as in 1986.

9.5 A period of economic decline

From the beginning, the region's dependence on the transport equipment industry had an unfavourable side-effect; it brought economic instability. Sales of motor vehicles are notoriously unpredictable from month to month. The region therefore tended to be more economically unstable than the other industrial areas.

In the longer term the motor industry was also the potential *Achilles Heel* of the region, as its performance continued to be threatened by local and foreign competition, as well as other factors. The situation in the Eastern Cape was particularly unhealthy because the welfare of the entire motor industry and much of the economy was, to a large extent, derived from the production, orders and employment patterns of only three firms, Volkswagen in Uitenhage and Ford and General Motors in Port Elizabeth.

During the 1980s, South Africa suffered through political sanctions. These sanctions led the two Port Elizabeth-based companies to divest from South Africa. This resulted in a severe setback in the local economy. The loss of Ford and the slimming-down of its operations were to have a prolonged depressive effect on the economy of the region.

The level of unemployment in the region increased particularly rapidly after 1970. The population of the region doubled during the years between 1970 and 2000 and the demand for employment probably increased by approximately the same magnitude. Meanwhile, there were three main factors militating against new job creation: Firstly, over the course of time, Port Elizabeth's attractiveness as a location for industry had tended to decline. Inland locations became more attractive due to Port Elizabeth's distance from the largest and most rapidly growing market for consumer goods; namely the Pretoria/Johannesburg region. In other cases, the rationale for a coastal location disappeared as a result of the increasing availability of locally produced raw materials and semi-finished goods elsewhere.

Secondly, during the 1960s, the government's industrial decentralization policy began to have a harmful effect on Port Elizabeth. The policy provided various monetary and tax incentives to industrialists to establish themselves far outside the existing industrial cities – along the so-called border areas of the black homelands. This policy was more harmful to the Port Elizabeth-Uitenhage region than to the three major industrial centres. At the time, in the 1960s, almost 40% of the region's gross product stemmed from industrial activities while one-third of the labour force was employed by the manufacturing sector (*Renders: 1980:2*).

A third constraint in the region's economy arose from the country's reintegration into the world economy after 1994. The government's commitment to a sharp reduction in the level of tariff and non-tariff protection for industry – as well as the elimination of tax and other incentives to industry – posed a severe threat to manufacturers. The motor vehicle industry and its volatility to international markets and demands ensured that the industry became the

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Achilles Heel of the Port Elizabeth economy. Industrial space became redundant and the port, as an industrial node, started losing its attraction.

On a more positive note, in April 2000, hopes were raised when the possibility that the area could be entering a renewed growth phase, arose. The government announced its commitment to the establishment of a high-tech, deep-water port at Coega, some 30-kilometres north of the Port Elizabeth city centre. The main elements of the very high-tech port was constructed from 2002 to 2010. The announcement was taken as a sign that the decades of relative neglect by the government might have come to an end. Major new investments were mooted for the IDZ around the port. The three likely initial investments involved the production of steel and oil refineries. It is hoped that the new developments will lead to backward and forward linkages with existing industries as well as new ones, bring about a substantial expansion of employment opportunities, contribute to greater industrial stability and enhance the long-term growth prospects of the region.

It was during the beginning of 2000, that the city was faced with the problem of the unemployment situation caused by the closing of certain parts of the motor vehicle industry, with many plants becoming redundant and empty.

It was determined that Port Elizabeth does have significant appeal as a historic and touristy city. The City of Port Elizabeth, later named Nelson Mandela Bay, decided to form the MBDA in 2004 as the vehicle to use specific initiatives aimed at ensuring that life would be returned to the city through the revival of its centre and surrounding areas.

9.6 Why a development agency as a special purpose implementation vehicle?

Traditionally, development agencies, which have been used in some parts of the world for various reasons, successfully and unsuccessfully, base their existence on one or a combination of improving business relations or creating critical mass in a selected economic sector. Generally the overall rationale for a development agency is to “add value” to the operations and results of a municipality *(Clark, Huxley and Mountford: 2010:110).* The “value added” should be designed in such a way as to deliver the additional value that is their remit (*Clark, Huxley and Mountford: 2010:110).*

Development agencies work in what *Clark, Huxley and Mountford (2010:130)* calls the “local development system”. It is a term used to describe the network of public, business and non-governmental sector partners which work collaboratively within a defined area to create better conditions for economic growth, social cohesion and employment creation. Local development systems might be tightly or loosely organized, precisely orchestrated to deliver a local development strategy, or rather imprecisely orientated *(Clark, Huxley and Mountford: 2010:110).*

A key understanding of the local development system is fundamental. There needs to be an appraisal of the exact development needs of the region or city. Such appraisals can take the form of stakeholder consultation sessions, data analysis or market research. Based on these appraisals gaps, weaknesses and opportunities must be identified. There needs to be a strong alignment between the mandates of the organizations in the local development system and the needs of the city’s local economic development agenda.

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The culture of a local development system is an undervalued asset *(Clark, Huxley and Mountford: 2010:144).* Positive exchanges, both formal and informal, robust relationships during hard times and a high degree of participation are important elements. A culture of positivity breaks down barriers to co-operation, facilitates useful exchanges and consolidates working relationships which can be leveraged later on. An agency can improve the efficiency of a local development system by aggregating activities that otherwise operate on a "standalone" basis *(Clark, Huxley and Mountford: 2010:147).*

The MBDA's functions and activities complement those of the NMBM, and as such, the MBDA works in close relationship with the city's functional departments. Interactions with the city departments responsible for planning, property and economic development are particularly important. As an implementing agency of the NMBM, the purpose and tasks of the MBDA are clear. The MBDA serves as specialized and professional agency managing urban renewal initiatives within specific geographic areas in the NMBM region. International and South African experience have highlighted the roles that development agencies are enabled to fulfill in the development of a city *(MBDA Strategic Plan: 2010:3).*

In this regard the MBDA fulfills the following roles:

- **A special vehicle for specific city objectives**

An Agency can attend to special infrastructure projects or urban renewal strategies and can have a specific focus which the municipal administration cannot provide.

- **A broker and facilitator**

A municipality's primary focus is to provide in basic services to serve the public interest. Agencies on the other hand can represent them, approaching developers and other interests with a business and development agenda. Agencies can interface between the municipalities and developers, adopting a 'business' approach. Agencies can also integrate a number of competing perspectives.

- **A translator/communicator between public/private sector and public interests**

A development agency is importantly situated outside of the bureaucracy of the municipal environment and can articulate both the private sector interests as well as the municipal responsibilities. It is also well placed to incorporate the public sector view into projects.

- **An adaptor to new situations**

Agencies are small and flexible compared to city administrations. They are more easily able to adapt to changes in the development environment.

- **A experimenter/risk-taker**

Flexibility enables agencies to experiment with ideas and to take risks that can be pursued once success is shown. Municipalities should not take on the role of the experimenter and risk taker.

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- **Enhance the service delivery credibility of the city**

With the success of agencies, the city gains credit and credibility as being able to deliver on the responsibilities of urban renewal, investment promotion and attention to special projects.

- **A doer**

Agencies have a limited mandate, which is to act as an implementer of projects either directly or as a catalyst for development. In many cases municipalities are unable to implement strategic projects on their own.

- **The creator of value**

The infrastructure and intervention projects for urban renewal that agencies undertake improve the quality of areas. This increases the value of properties as well as contributing to employment and the economy ((*MBDA Strategic Plan: 2010:73).*

The following actors, as indicated in **Table 1,** form the core of the MBDA Development Forum approach. The MBDA works with a range of key stakeholders with an influence on its operations and procedures. There are times when individuals or groups, which the MBDA services are customers and other times when they become stakeholders, depending on the issue or topic. The major stakeholders are shown in **Table 1.**

Table 1: MBDA Development Forum Stakeholders

City government	Public sector	Community	Private sector
• Executive Mayor • NMBM Council • NMBM directorates & officials • Other municipal entities	• Eastern Cape Provincial Government • IDC • Eastern Cape Development Corporation **(ECDC)** • Statutory bodies, e.g. Provincial Heritage Resource Authority **(PHRA)** • Public Enterprises, e.g. Transnet • National Government and Public Entities • SA Cities Network	• Citizens • Community-based organisations	• Businesses • PERCCI • National Federated Chamber of Commerce **(NAFCOC)** • Other industry associations • Property developers • Engineers • Architects • Urban Planners • Urban designers

Source: MBDA SSIF

9.7 The introduction of the MBDA from a planner's perspective

During the beginning of 2000, efforts were made to find new opportunities for the huge wasteland – hundreds of empty brownfield buildings areas in and around the inner city. From 2005, through the MBDA, prominent planners as well as architects were consulted to develop

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new ideas for Port Elizabeth. Initially the NMBM rejected the plans with reference to the lack of basic services in the outlying townships. The general argument was that not too much should be spent on tourism infrastructure through public sector investment, as it would limit the budget for spending on infrastructure backlogs in the outlying townships. A strong economic argument was needed. However, the angle that cities are the engines of growth and that a decline of a CBD incurs a decline in the rates base that in turn leaves less and less for capital infrastructure spending in township areas, convinced political authority that it was important to revive the city through well-researched, targeted, catalytic public investment that will eventually lead to a vital increase in the rates base and also contribute, eventually, through the economic multiplier, to a higher GDP and employment base.

New strategies were formulated that were increasingly supported by the city fathers. The initial focus was on the CBD where most of the buildings were in some state of urban decay or left empty with no significant residential, retail, office or tourism/leisure/entertainment development. It was apparent that a strong interventionist approach would need to be followed through a process of public investment, eventually leading to downstream private sector investment.

In the early 2000s the NMBM realized that a new over-arching strategy should be adopted through the MBDA. The 2004 NMBM Council approved the Mandate Document that stipulated that the inner city areas needed to be revitalized through an interventionist process. The MBDA developed its SSIF to guide this process. The SSIF was later converted into a legally adopted LSDF.

Leading members of the NMBM City Council were appointed to guide the MBDA in this interventionist approach. The general consensus was to further develop the competitive edge of Port Elizabeth as an international city through urban renewal efforts. The underlying approach of private sector investment was to follow well targeted public sector investment as a fundamental aspect to this interventionist approach.

The *Friendly City* concept alludes to a city open to all residents, a good place to live, work, play and enjoy the diverse culture of the region. The city also needed to be friendly to development. Planning and development is not much different from the perspective of supply and demand. There is the need to provide for elements of control for development to take place in an orderly and beneficial manner for all. Creating only an enforcement regime with a rigid set of controls and ignoring the realities of market demand only serves to exasperate the planning dilemma South Africa faces, as planners often plan with false information *(South African Property Owners Association: The Property Developer: September 2010:13).*

9.8 A turbulent economic period – 2007 to 2010

As the MBDA was reaching critical mass in creating catalyst public investment infrastructure projects, it was clear that 2007 to 2010 would be a turbulent period for the MBDA as well as for the Port Elizabeth and South African economy as a whole. The financial and real estate crisis reached its full impact in the middle of 2009, nearly resulting in a total market stop of property related investments.

In a few years residential property prices dropped by a third in Port Elizabeth. The problem started with a mushrooming property market expansion in South Africa through easy financial access, as in the case abroad, and it eventually brought the market to almost a

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standstill in Port Elizabeth. The MBDA managed to guide itself through the economic distress and surviving well during the early parts of 2009. A bigger emphasis was placed on urban related infrastructure investment to prepare for what was perceived to be a deep market cut that is expected eventually to recover.

A need emerged for Port Elizabeth to become a more carefully planned city. It was important to pay attention to long-term qualities and diversity in respect of all the cultures and demographics represented by the city. Several programmes and local plans where adopted to adapt to the city's (in particular the CBD's), cultural diversity, not seeing the social differences as a social liability, but as qualities that can be developed into assets in the urban renewal approach. Speaking to customer needs became a very important part of the MBDA urban planning efforts.

In early 2009, the City resisted the recession by focusing on a policy to strengthen and broaden the economic structure. There was a call for a higher degree of public sector investment in infrastructure to ensure sustained growth of the economy through a contribution to the GDP and employment.

The political neutrality of the MBDA, which was created by appointing Board members who could be neither officials nor politicians, assisted in the entity becoming a driver of development in Port Elizabeth. Most of the stakeholders agreed that the company should act as a free operator and fulfill its tasks under normal conditions and without further involvement of politicians. Efforts were also made to allow the company to operate solely with its own capital base, through the transfer of redundant properties from the NMBM to the Agency. It was obvious that the real estate crisis during these years had turned the market towards customer orientation. In a situation where commissioners of building projects could no longer build on speculation, which was the situation in the Port Elizabeth and South African property market prior to 2007, the market had to direct its action towards customers with a capacity to invest in even a troublesome situation.

9.9 The legislative backdrop of the MBDA

The MBDA is a municipal entity, with its shareholders - the NMBM and the IDC. In terms of the Municipal Finance Management Act **(MFMA),** all municipal entities are regulated by the MFMA. It also stipulates that all municipal entities established prior to 2004 (the year in which the MFMA was promulgated) must convert into private companies; however no deadline has been provided for in the Act. The overall objective of the MFMA is to prevent corruption, nepotism and favouritism. It also calls for municipal entities to follow the procurement processes of municipalities.

9.10 The planning context of the MBDA: The Mandate Document: A basis for urban renewal

Formative actions of the MBDA took place within the frames of an urban planning structure, mainly undertaken by the municipality's Housing and Land Directorate. Although the MBDA developed an in-house interventionist plan, it did so in cooperation with the planning department. The intention of the MBDA was to call for a revised plan of the initially agreed Mandate Area. The aim of the comprehensive SSIF was to be achieved against the backdrop of the Mandate Document as approved by the NMBM Executive Council in 2003. The Mandate Document expresses an ambition to be part of a process in creating a *Friendly City*,

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characterized by a higher degree of creativity and innovation in a cluster of retail, residential, office and tourism/leisure/entertainment.

9.10.1 Developmental local government: A constitutional imperative

The Constitution of South Africa (1996) introduces the concept of "Developmental local government" *(Constitution:1996:15).* This means that municipalities are no longer merely providers of services and facilities, they are also required to ensure development initiatives, possibly provided by outside agencies *(Mandate Document:2003:4).*

Port Elizabeth's central city area is one example of this. The rejuvenation and economic redevelopment of the inner CBD area with a goal to promote tourism development was sorely required to breathe new life into the area, begin economic regeneration and, in turn, grow the economy of Nelson Mandela Bay.

9.10.2 The use of a development agency or Special Purpose Vehicle (SPV)

Having identified the need for urban renewal and so as to pursue developmental local government principles, the NMBM, with the assistance of the IDC**,** proposed to establish and use the mechanism of a development agency to project manage renewal and re-invention of the inner city area with a goal of promoting economic and tourism development. The geographic area for which the Agency is responsible initially included the CBD, harbour/waterfront, Lower Baakens River Valley and surrounding areas.

The objective of the MBDA is to generate sustainable economic and tourism growth and social transformation to the benefit of the Nelson Mandela Bay community as a whole. The Agency must therefore initiate, promote and manage private and public economic, social, cultural, environmental and infrastructure programmes, transforming the mandate area into a growth point in the Nelson Mandela Bay metropolitan area *(Mandate Document:2003:4).*

On 1 August, 2002 the Metropolitan Council resolved that "..... A Development Agency to facilitate infrastructure development be established ....." *(Mandate Document: 2003:4).*

9.10.3 The Mandate Area

The initial mandate area, subsequently expanded, included a point to point description; an area of 1023 hectares, including mainly the CBD, harbour, Baakens River Valley and Central. ***Figure 12*** shows the location and proposed boundary for the initial area that the MBDA was responsible for.

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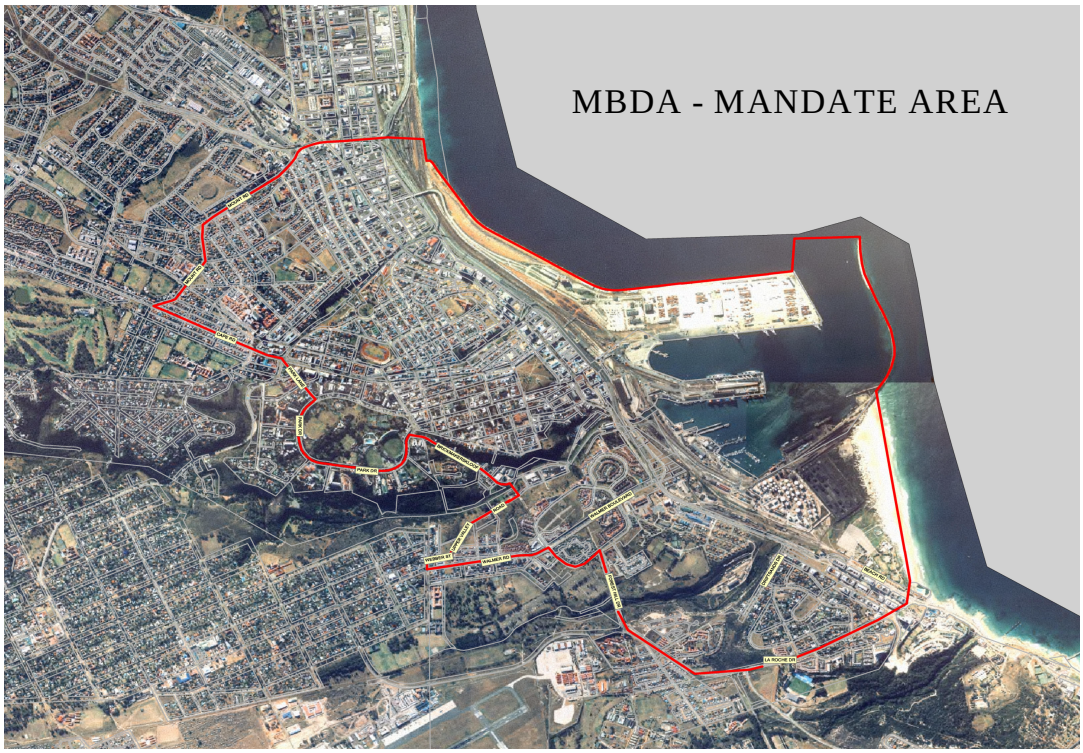
Figure 12: The Mandate Area



Source: MBDA SSIF

9.10.4 Roles and responsibilities of the MBDA

The roles and objectives of the MBDA are as follows:

- To act as an agent for and on behalf of the Municipality for the purpose of implementing economic, social and environmental policies and projects, as identified by or agreed with the Municipality
- To coordinate the implementation of a sustainable, long and short term NMBM IDP, including its spatial economic, social and environmental dimensions, its regulatory, budgetary, financial and legal implications and its social and economic consequences
- To conduct a regular communications programme to all stakeholders
- To provide the NMBM with a one-stop contact point for access to possible development funding or technical assistance, as well as to provide information on the priorities and consequences of the implementation of the NMBM IDP
- To acquire, own and manage land and buildings, and/or rights to land and buildings, to be used:
    - For economic and social development purposes
    - For public service, public infrastructure, educational, health and cultural purposes, and to prepare and equip such property as it is needed to fulfill the development needs of the public infrastructure
    - For cultural, nature or wildlife conservation purposes
- To negotiate, enter into and administer contracts on its own behalf and/or on the behalf of, and as an agent to, the NMBM
- To launch, manage, monitor and study what may be necessary to further achieve its objectives

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- To collect income, raise, receive and hold funds or receive guarantees from any lawful source, for the purpose of the Agency and to manage, administer and disburse those funds in pursuance of the objects of the Agency as well as for administration purposes in accordance with terms and conditions determined by the MBDA and approved by the NMBM
- To act as a receiver, to manage and/or coordinate technical assistance or development funding programmes provided to the NMBM by non-governmental or governmental institutions
- To conduct and operate any financial assistance, subsidy or incentive programme
- To exercise legal rights delegated by the NMBM including:

    - Collection of income and imposition of fines
    - Right of expropriation

- To define zoning areas, building and site management rules, and urban and architectural codes
- To assist with the provision of services on behalf of and/or jointly with any or all spheres of government. *(Mandate Document:2003:12-13)*

9.10.5 Principles of the MBDA

The NMBM had an intention of releasing its full economic development potential by establishing an agency that seeks to promote localized economic, infrastructure and other developments by maximizing opportunities within the demarcated area, through gearing financial resources, employing the municipal assets, including land and water, in a productive way, promoting public/private partnerships, exploiting high potential prospects and linking with the Municipality's IDP**.** The Agency principles are:

- Rejuvenate economic activity within the Nelson Mandela Bay CBD, harbour, the Kings Beach area and other included areas
- Leverage public and private assets within the demarcated area to maximize economic potential
- To assist with the provision and management of services, amenities and security within the designated area
- To develop an integrated Master Plan (which culminated in the SSIF), that would coordinate with the NMBM's IDP and vision for 2020
- To integrate various developmental sites, Port Elizabeth CBD, harbour, railway lines and the beach area to form a single economic unit
- Ensure optimal use of land and infrastructure within the designated area
- To ensure that the development within the area is driven within the NMBM by the MBDA in its terms and conditions
- To eliminate squalor, social degradation and all other anti-development activities within the designated area
- Focus resources, skills and energy towards developing the potential of the NMBM
- Build upon the area's key strengths, i.e. its business, residential and tourism appeal, including its waterfront potential, in order to benefit mostly the local inhabitants

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- Balance the attraction of private investments, both corporate and individual, and to generate enough public income to support and develop skills – its key resources – despite the financial, social and political pressures likely to be generated by demands for space, by real estate prices, and the continuous and seasonal influx of domestic and international tourists
- Present all stakeholders with an integrated economic and social perspective of investment opportunities
- Generally act as a business arm of the NMBM to direct its development goals.

9.10.6 Main Projects identified

Main Projects

- Catalytic CBD infrastructure
- Removal of oil tank farm
- Removal of the manganese ore loading facility
- Development of a comprehensive public transport system and facilities;
- Rehabilitation of the Baakens River Valley
- Redefinition of the role of the existing harbour and its railway stations
- Attracting public, private and international funding and partnerships
- Marketing and publicity to improve quality of business, residential and tourism in the designated area.

9.10.7 Sustainable development and rejuvenation of the Mandate Area

Two of the objectives of primary importance for the MBDA relating to sustainability are:

- The Agency should be largely self-funding and as financially independent as possible within a reasonably short period of time
- The Agency should ensure effective and sustainable urban development and reversal of urban decay in the demarcated area.

The rapid launch of a critical mass of a tangible, yet realistically limited number of infrastructure projects was vital for the MBDA's financial self-sustainability and the sustainability of the projects themselves. These infrastructure projects would ensure sustainability and hence present an opportunity for the NMBM to substantially reduce expenditure in service provision and general maintenance in the demarcated area. It is furthermore anticipated that the Agency in the future will be more than just a sustainable unit within the broader Municipality, but rather a source of income for the NMBM. The projects undertaken by the MBDA are therefore primarily focused on being reliable sources of income. This allows for cross-subsidization of other areas within the NMBM where funding of development and improved infrastructural conditions is much required.

Levies from the newly acquired and developed portions of the development area, profitable private/public business venture initiatives, leases of public/private municipal assets, and various other economically viable business activities are and will be a source of a sustainable revenue generation that is and will be utilized in the various critical projects. Some of these will be the shoreline and seaside residential, retail and office buildings with relevant themes and architectural designs.

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The coordination and integration of the precinct plans of various projects to be captured in the Master Plan **(SSIF)** of the demarcated area will ensure focus on the proper monitoring of developments, which will in turn secure long term sustainability of development and urban rejuvenation.

It is envisaged that the MBDA's financial dependence on the NMBM, the IDC and other sources of funding for its commencement, continued operation and survival will diminish substantially to cease within a period of five to eight years from the date of reaching a degree of critical mass.

9.11 A new structure for urban development

Over the past forty years, Port Elizabeth demonstrated a vibrant motor manufacturing-related industry structure with most of the characteristics expected to be associated with city port clusters. It was a traditional cluster of motor manufacturing plants having a wide range of other motor-related industries feeding off the motor manufacturing plants. With the decline in the motor manufacturing and related industry, which left many CBD buildings empty, the need arose to consider a diversification of the economy, built on the alternative utilization of redundant buildings.

The industrial nature of the port of Port Elizabeth is related to the export of motor vehicles and the export of manganese ore, which is used to strengthen steel. With the construction of the Port of Ngqura after many years of planning and implementation, the potential for the recreation of competitive economic life is unlocked, not only in Port Elizabeth, with its strong industrial nature, but also in the southern part of the port, moving from industrial development to non-industrial development. In this way the city, in relation to the port shows the economic potential for re-engineering and creating a specific city-port cluster.

Re-creating growth poles is not an easy quick-fix, although today it is clear that economic forces, through the construction of the Port of Ngqura and the diversification of the economic base of Port Elizabeth from industrial to non-industrial sectors, demonstrate an appetite for global competitiveness and resilience.

The model of public private partnerships may be too simplistic to respond to the complex needs of the market in an urban renewal effort. Catalytic public investment needs to result in private sector property investment that will respond to market needs. It is comprised of a complex range of aspects that needs attentive nurturing in the process from concept to completion.

In this study, urban planning, cluster and innovation against a local economic development backdrop are chosen as inputs for a place-related analysis of urban development. In the global survey of technopoles, *Castells and Hall (1994),* point to problems in the intersection between politics, real estate interest and product development in functional and viable networks. The survey concludes that planners should focus on the urban contexts rather than isolated planning aesthetics as the critical factor for innovation and growth. In such a process, a balance between the tangible development of place-related urban qualities that are powered by a strong product focus and market research to determine the needs of the market place, needs to be attained.

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These observations serve as points of departure for the author's search for explicit methodology concerning the development of place in a local urban context against the backdrop of local economic development, within an innovative and creative economy. As understood in the case of Port Elizabeth and the MBDA, urban managers are aware of the strong links between place development and growth agendas, as discussed in economics and innovation theories. This awareness, however, is expressed in implementation and practice more than in explicit theoretical discussion. It represents "a knowledge in practice" *(Shon: 1983)* that deserves to be discussed in a theoretical context.

The analysis is generated from specific local circumstances regarding the case of the MBDA in Port Elizabeth. These conditions may be generic, although not sufficiently discussed by the planning sciences and professions. Urban renewal through extended public participation under the guidance of the representative democracy and the functional response of the property market may form a new approach to urban development.

Returns from this property action may further serve as a tool for the provision of substantial resources for context-orientated perspectives of the development agenda.

9.12 The MBDA and LED as an urban renewal cluster

Although the LED programmes in South Africa are not well developed and show signs of non-sustainability, local government actors have begun to discuss the introduction of clusters as a regional development concept. The point is argued that it might be easier to support the development of existing clusters rather than attempting to develop new clusters.

Although the Constitution designates extensive developmental power to local governments in South Africa, LED has not achieved the success that it was intended to achieve (*Department of Constitutional Development: The White Paper on Local Government,: 1998:21).* LED requires a sustainable rural and urban impact (*Department of Constitutional Development: The White Paper on Local Government,: 1998:23)* to achieve its development objectives.

LED, in an urban context, links well with urban renewal. The transformation of South Africa since 1994, the rapid trend or urbanization and the subsequent decentralization of residential, office, retail and tourism/entertainment/leisure development have led to a capital flight from urban centres, leaving buildings empty, vast tracks of land underutilized and led to severe urban decay in some urban centres. Port Elizabeth, an industrial city, was the worst hit of urban centres. Any potentially competitive LED would need to find a way of reviving the city centre to create competitive places that would attract private sector investment in retail, residential, office and tourism/leisure/entertainment.

Through a revised approach to urban planning, the chapters to follow discuss how urban renewal is used by a special purpose vehicle through a bottom-up approach, public participation and market research to achieve competitive LED.

In terms of the Constitution, local governments in South Africa not only have a service delivery mandate, but are also required to be developmental and entrepreneurial in their approach. It is therefore important for local government to encourage public sector investment in such a way that it serves as a catalyst for private sector investment. The general approach should be that private sector investment follows public sector investment. The

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approach of government and a pro-active investment approach in particular are crucial in the creation of well-researched clusters.

Local government LED policies refer to clusters as vital for future economic development; however, how clusters develop in real life is a more vaguely discussed matter. Clusters rarely occur without connections to existing activities. The NMBM prescribes the role for government action in three levels: A pro-active approach to capital budget politics, design of regulations and institutional roles and through interventions in respect of attitudes and values in society. Strong emphasis is made on the links between systems of innovation and clusters.

The NMBM LED policy papers prescribe that cluster thinking will add new perspectives to the process of planning; however, further scrutiny shows that the geographic conceptions of the clusters are weak. The cluster approach to urban renewal is almost defined as round, whereas an industry cluster is a horizontal line or a supply chain, which is a vertical line. Therefore, the international role of clusters should be broken down and adapted to the local government role that they fulfill. This approach is critical for the inner dynamics of development because of its far reaching contacts with local business, particularly against the urban renewal backdrop, where the circle follows a number of elements, retail, residential, office and tourism/leisure/entertainment.

Furthermore, the importance of clusters tends to rise in relation to the globalization of markets, which force local creative processes to be linked with the surrounding world. The local innovative ability has to be combined with the global competitive capability.

Referring to the problem of identifying development potential, it is more important to support and sustain existing clusters than to try and create new ones. Urban renewal is not the creation of a new cluster, but is a refurbishment and renovation of an existing cluster. The referred domestic discussion though, does not appear to solve the issue of links with planning, nor that of the rise in the property market due to attempts to create or sustain environments with cluster qualities. Location is not properly addressed; only the “facilitator” is identified as the strategic resource in creating and sustaining clusters.

The MBDA became an important mechanism for fulfilling this facilitation role, bridging the gap between urban design interests and customer needs.

9.13 The cluster approach as a tool for the MBDA

The dependency of the economy of Port Elizabeth on motor manufacturing and related industries prompted the urban renewal process to find a solution to diversify the economy in retail, residential, office and tourism/leisure/entertainment development. The premise of this approach was that a cluster as a tool for urban renewal in Port Elizabeth should be based on a network of activities which, through their close proximity, co-operate, complement and compete with one another. The activities are not necessarily required to belong to the same sector, but they should grow on one another, giving the Mandate Area the intended image. It needs to be noted that such a profile is not intended to move away from motor manufacturing and related industry, but to broaden the economic base. Port Elizabeth has a blue-collar, industrial profile and any diversification of the economy through an urban renewal cluster approach, will be an extension of this profile.

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It is a basic approach of place making; to ensure that residential, retail, office and tourism/leisure/entertainment are enabled to co-exist in the spaces created through infrastructure investment. This action represents a shift in the view of how to develop the city of Port Elizabeth, based on the urban renewal cluster approach. The focus was on the user-driven strategy; taking the needs of the consumer into account and allowing these needs to determine the nature of design and construction. The new strategy shows characteristics concerned with the urban system as a competitive advantage, linked with corporate strategies, rather than with a demand-led private investment strategy.

This meant that catalytic municipal infrastructure projects had to be pre-researched in such a way that they were developed in fulfillment of customer requirements and not only in the profit making motivation of the private sector.

Porter's "cluster" definition in Chapter 4 around the concept of a group of inter-connected firms, suppliers, related industries, and specialized institutions – in particular fields present in particular locations – had an industrial approach. This approach has been adapted to allow for a complementary relationship between residential, office, retail and tourism/leisure/entertainment. It also becomes a tool to overcome the divide between urban design on the one hand and market demand/customer needs on the other hand.

The term *cluster* is therefore adapted to depict a geographically-bound environment where entities involved in residential, retail, office and tourism/leisure/entertainment, feed from one another to make the collective whole a successful entity.

With the term, *bounded/designated area*, reference is made to a border or edge, such as the Mandate Area of the MBDA. This study uses the *Porter*'s original cluster definition as a cluster approach in urban renewal. Urban clustering is used as a tool for regional and inner city-bound sustainable LED through innovation by a special purpose vehicle such as the MBDA.

Along with *Porter*'s industrial approach to cluster, the typical Port Elizabeth cluster in this case was related to the motor manufacturing industry and a wide range of related industries feeding off the motor manufacturing industries, such as windscreens (Shatterprufe), tyres (Continental and Goodyear), and others. From this base, Port Elizabeth has become the origin of a number of large global manufacturing companies, such as Volkswagen and General Motors. Among the top 50 South African industries, in terms of world export, many are related to the motor manufacturing industry. Co-existing with these resources are a variety of machine, technological and mechanical industries.

The total dependence on the motor vehicle industry as the core cluster of the Port Elizabeth economy in the past, made it vulnerable as this sector is particularly prone to external shocks. This meant that, in the event of an international recession, the Port Elizabeth economy would be more severely affected than an economy with a number of clusters (i.e. an economy with more diversified risk). The closure of the Ford factory in 1986 is a case in point. It is a common cause that this closure brought the economy of Port Elizabeth to its knees and that the effects are still felt 24 years later.

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9.14 Experiences of cluster analysis reflected in the planning discourse of the MBDA

Urban renewal projects need to be governed by a user perspective rather than solely as the product of planning and real estate development within the framework of PPPs. The experiences of cluster analysis relate to a user needs perspective in respect of the MBDAs approach, in the way that the cluster explains what businesses aim to achieve. However, this perspective still has shortcomings concerning how a new cluster may be generated in a brownfield or greenfield situation.

It should be noted that *Porter*'s discussion about clusters, a discussion concerned with well-developed industries and different nations, was originally fairly distanced from the ideas contemplated when the terminology was used as a metaphor for urban renewal at the MBDA. Later, however, *Porter*'s analysis specified the conditions of location. The concept, as it is used at the MBDA, is fairly close to the ideas *Porter* expressed in his article, "Location, Competition and Economic Development – Local Clusters in a Global Economy" *(Porter: 2000).* In this article, *Porter* indicates a much narrower territorial perspective than he did in the earlier works referred to in this thesis.

The cluster theory is concerned with economics and politics, more than with place making and planning. It is rooted in the context of explanations, rather than a pro-active instrument. The cluster notion requires development beyond *Porter*'s original discussion if it is to be used as a guide for attempts to reach the desired qualities. The MBDA and the planners of the City of Port Elizabeth endeavour to translate the concept into a tool for the generation of sustained economic progress through the development of a specific place (place making). The conception of the attempted cluster was originally rather narrow. It was conceived as construction and development within the limited surroundings of the mandate area of 1039 hectares, but effectively the area is centered in the CBD, which is about 500 hectares. The economic impact though, extends throughout the whole of the metropolitan area.

A cluster, as it was conceptualized, is a place with the potential for a new industry, which involves more than the upgrading of an existing production network. Used in this way, the concept of cluster served as a dynamic metaphor for what planners and industrialists aimed to achieve, rather than a word-by-word interpretation of what *Porter* meant by the idea.

At a first glance, it is doubtful whether the cluster theory was apt enough to guide a fast tracked development of a limited piece of brownfield area. Rather, if the factor discussion should be applied at the MBDA, the entire region would provide the appropriate scale of analysis.

At the early stages of the MBDA's work, the limited urban environment was possible to grasp by individuals serving as a local forum for interaction. A narrow conception of the cluster definition is thereby relevant. Port Elizabeth, which has a highly competitive motor manufacturing economic structure, formed the outer frame for the thesis' analysis. Once again, discussion progresses towards the conception of the cluster idea, but on a more regional or even national basis.

A picture therefore emerged of a very specific desired product, representing a cross-section of different actors - at the earlier stages, the limited urban environment was relatively easy to grasp by individuals, politicians, business people and civil society. Initially it was extremely difficult to convey the cluster concept in an urban renewal context, but once the picture of the

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puzzle emerged, communication of the perspective was easier to achieve. In a politically obsessed environment, such as Port Elizabeth, where development has often been contained by political in-fighting and corruption, the task was not easy. To begin the discussion to follow with a narrow conception of the cluster definition is therefore very relevant.

Inquiring how to create clusters, not only to understand them, results in a number of new questions. The creation of clusters, if possible, would comprise a kind of dynamic or generative ability that is implied in the theory, but not stipulated explicitly. The suggested role of local government, against the backdrop of the IDP and the LED programme, further indicates an institutional dimension, having a capacity to facilitate this kind of development and safeguard the desired results. The MBDA was an implementation vehicle in this regard.

The discussion takes us further into contradictory and somewhat paradoxical directions. Firstly, the generative aspect of cluster development pre-supposes a deeper understanding of the field of innovation as significant for sustained growth. This discussion will take us further in a direction of non-linear and complex systems with the tools used in planning for urban development.

Secondly, it is of vital interest to understand how innovation and competitive advantage is linked to the development of the local territory through urban renewal. This dimension is stressed in the trust cluster discussion, although not specifically addressed. It is therefore suggested that "hard" facts, such as place, neighborhood, capital and buildings are just as vital as innovations, networks and market research.

Thirdly, the role of urban management in these contexts requires further elucidation.

9.15 Action for urban branding

With the planning processes initiated towards the end of 2004, a plan slowly emerged to pro-actively market urban redevelopment and property investment in the CBD and the southern part of the port of Nelson Mandela Bay.

Gradually, the shape of the CBD through environmental upgrades, such as Govan Mbeki Avenue, Parliament Street, Jetty Street and the Donkin Reserve, began evolving. Against the odds, Port Elizabeth slowly emerged to show the budding signs of a successful regeneration project, although some areas still suffer the perception as the *wrong places to be* in terms of living, working and playing.

The environmental upgrade of Parliament Street and Govan Mbeki Avenue initiated a new *facelift* of the City and began the cultivation of a perception of Port Elizabeth as an up-and-coming location. Place-making, in the context of a dynamic place initiative, was slowly at work in the affected areas. Property prices began to increase significantly after many years of stagnancy. It became evident that the completion of the environmental upgrade in certain areas of the city was not the only important resulting implication, but that the branding of infrastructure projects through well targeted public sector investments as a catalyst for downstream private sector investment is paramount.

The action of planning in a situation of transformation is not only a construction role, but one of changing perceptions and causing people to form relational bonds with a place that has run empty of normal life forces. The solution is often found in events and bringing construction

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and people together. A social approach to urban renewal slowly started to emerge in Port Elizabeth.

Chapter 10 will address the urban renewal cluster created by the MBDA. The cluster created and the urban renewal infrastructure projects developed are the outcome of extensive market research (a bottom-up approach). This process was informed by observing interactive processes, public participation and interviews with a wide range of stakeholders. It demonstrates how, in the context of a bounded / designated area – the CBD of Port Elizabeth – economic growth that contributes to competitive local economic development, may be created.

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CHAPTER TEN

THE URBAN RENEWAL DEVELOPMENT PROCESS: A NEW URBAN RENEWAL CLUSTER THROUGH THE MBDA



An artist at work on the redeveloped Donkin Reserve Arts Programme

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10.1 Introduction

Previous chapters have consistently illustrated that a derelict CBD, such as the one in Port Elizabeth, can only realistically be revived around a cluster of residential, retail, office and tourism/leisure/entertainment, if an interventionist approach is followed. As important components for the crafting of a successful interventionist approach, a number of theories and practices have been discussed – including clusters, triple helix, technopoles and place-making.

Urban renewal has also been discussed in the context of LED, indicating how a successful urban renewal cluster can contribute to GDP, employment, the rates base and as a base for private sector investment. The need for a special purpose vehicle to drive urban renewal is a key element in achieving success. Development agencies are usually municipal entities, run on the principles of a company to deliver in a specific mandate, such as urban renewal. This chapter will discuss some of the key project interventions of the MBDA, against the main objective of catalytic public sector investment. Catalytic public investment forms the basis for private sector investment, resulting in the creation of a higher GDP, employment and a contribution to the rates base.

10.2 A new starting point – an urban renewal cluster through the MBDA

This chapter demonstrates how a special purpose vehicle – that serves as a bridging mechanism between urban planning and LED – acts to both conceptualize and complete urban renewal projects. These projects are the result of extensive market research and public participation. The results of a perception survey that determined the economic impact of these projects will also be explained. The survey was carried out in the form of face-to-face questionnaires amongst businesses and residents in a specific area (see **Annexure E**), with the data collated in a Microsoft Access programme from where different outcomes were drawn.

In 2003, with the support of the Port Elizabeth Regional Chamber of Commerce and Industry (**PERCCI**), the MBDA began using the terms, urban renewal, place-making and residential, retail, office, tourism/entertainment/leisure cluster, to describe a development strategy for the city.

A number of clusters have been identified, *inter alia* motor manufacturing, tourism and lifestyle development. The cluster was built around public infrastructure programmes with a private sector investment response. The private sector response was mainly in the upgrade of mostly vacant and redundant buildings for residential, retail, office and tourism/leisure/entertainment purposes. The vacancies in Nelson Mandela Bay were at the time 150 000m² in offices and 200 000m² in industry and warehousing. Real estate actors had to broaden their perspectives and offer environments that stimulated business development. A cluster of residential, retail, office and tourism/leisure/entertainment alongside an already strong, nationally and internationally competitive motor manufacturing cluster was slowly emerging.

The establishment of the MBDA meant that urban redevelopment underwent a process of redefinition. The urban renewal project evolved to become a strategic matter of competitive advantage for the city of Port Elizabeth. A choice made earlier in the redevelopment process, was to shift the prime industry focus from motor manufacturing to urban development, place-making and tourism. The strategy was a precursor to extensive efforts for a restructuring of land-use, particularly in respect of municipal and public sector land.

In 2008, Nelson Mandela Bay had an already firmly established and very strong vehicle manufacturing and related parts cluster. The economy of Nelson Mandela Bay relied heavily on this industry, which had negative and potentially negative implications – as the motor vehicle

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manufacturing related cluster is characteristically (and would be) particularly prone to external economic shocks. This was proven in 2008/09 when the motor vehicle manufacturing industry in Nelson Mandela Bay was especially hard hit by the international economic recession. At the time of the establishment of the MBDA, a particular mandate area was identified, although its main focus was in the areas of Central and the CBD. The urban development projects of the MBDA underwent a process of redefinition and of the term *urban renewal* in relation to the term *cluster*, both of which became new terms in the vocabulary of the average Nelson Mandela Bay citizen.

As previously mentioned, the project of urban renewal developed into a strategic matter of competitive advantage for Port Elizabeth. *Sunter (1997:116)* identified the area of Parliament Street as one of the most competitive places in the world. This particular street became the target of redevelopment and upgrading, including a broadening of sidewalks to attract outdoor dining. This redevelopment strategy was performed as a strategic revival following a period of deep-rooted urban decay.

A decision made early in the urban renewal process was to shift the prime focus from the peripheral areas of Port Elizabeth, to the core areas of Central, the CBD, Baakens River Valley and surrounds. The strategy preceded extensive efforts for the restructuring of land-use and for using municipal and state land in the urban redevelopment process. The lack of land for development, due to the difficulty in releasing municipal and state land, furthered the emphasis on the restructuring of land-use.

10.3 A period for action – 2004 to 2006

With the construction of the Port of Ngqura, the relocation of the industrial hardcore activities in the old port was widely an accepted idea. The argument was made that without such relocation, the viability of the Port of Ngqura would be significantly diluted. It became evident that the growth of the inner city was restricted and that the opening of municipal and state land would play a crucial role in the urban renewal efforts of the metropole.

Two processes worked in favour of the MBDA. The first process was the establishment of the Port of Ngqura and the lobbying of Transnet to relocate the hardcore facilities – such as the manganese ore facility and the oil tank farm – to it. The second important issue was the legal dispute between Southernport (Pty) Ltd and Transnet that originated in the Tsogo Sun casino bid application in 1999. An arbitrator was appointed to dissolve the legal dispute between the two parties and a land award was made in 2008 to Southernport. This effectively meant that extensive land holdings were removed from the balance sheet of Transnet and became the property of Southernport, a private company.

The pressure of negotiating with Transnet for the relocation of the ore facility and oil tank farm established the relationship between the Port of Ngqura, the MBDA, Transnet and the NMBM. The relationship improved further to ensure that an integrated development planning approach would be followed over a period of time. The development of the Port of Ngqura as a deep-sea, high tech port, the upgrade of the CBD and the opening of industrial land in the port of Port Elizabeth to allow for non-industrial development (i.e. retail, office, tourism and leisure/entertainment) became the cornerstone of the future development of Port Elizabeth. In practice though, the matter was extremely complicated, owing to the splintered land ownership situation in respect of Southernport, the lack of forward planning on the part of Transnet (in making provision for the relocation of the two facilities) and the normally long time to put the development plan in virgin brownfield land into place.

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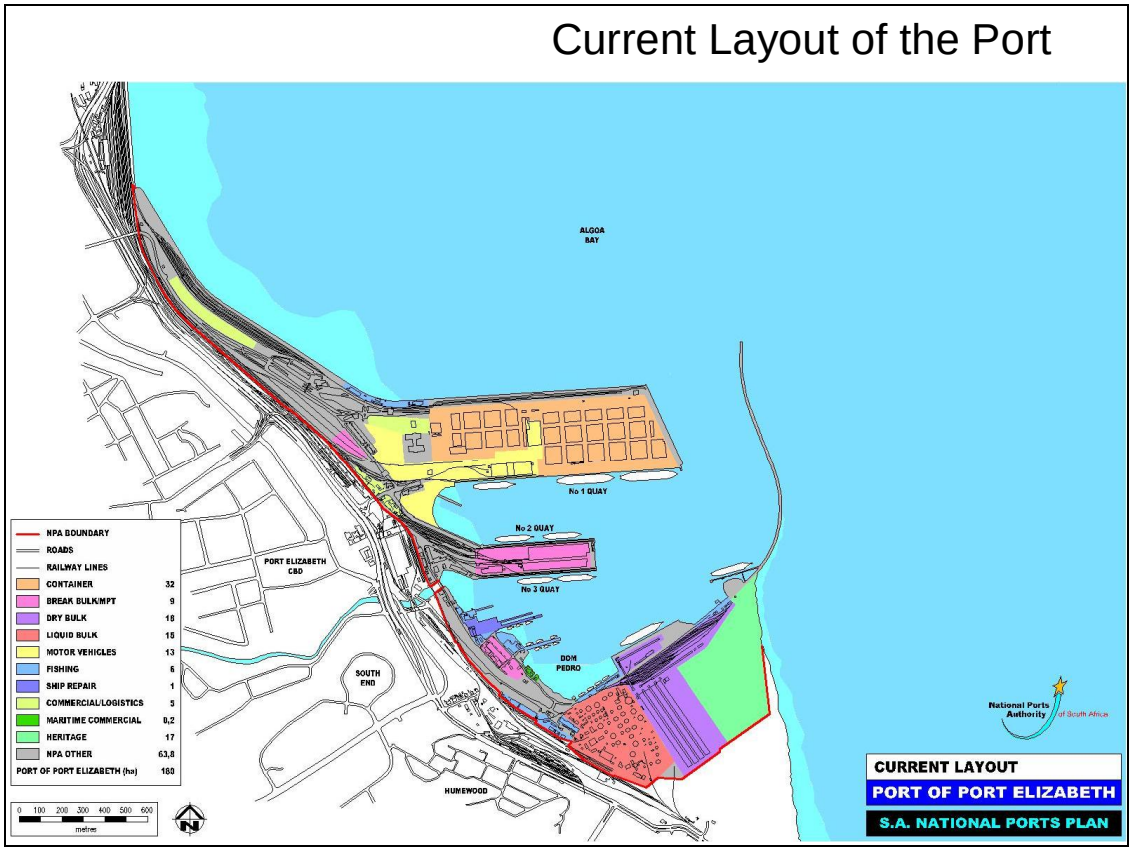
The SSIF, developed by the MBDA, dovetailed with the port planning of Transnet and it was agreed that certain land parcels in the port would be opened up in due course for non-industrial development, i.e. retail, residential, office and tourism/leisure/entertainment.

Figures 13 and 14 set out the situation in respect of the port prior to 2008, and the planned situation, post 2008. The parcels of land in green in ***Figure 14*** would be set aside for non-industrial purposes. That would necessitate the relocation of the ore facility and oil tank farm to the Port of Ngqura, a process that commenced in 2011.

These developments placed a significant emphasis on the importance of the relationship between the MBDA, the Port Elizabeth planning authorities and those of Transnet. It may therefore be concluded that this was a formative moment in the evolution of the development of the planning practice for the MBDA. The planning roles of the MBDA, in cooperation with the planning authorities of the city and Transnet, became more proactive, with a vital influence over the planning agenda in close cooperation with the city planning authorities.

The dispute between Transnet and Southernport was resolved through the utilization of the MBDA's SSIF. The origin of the dispute was Tsogo Sun's unsuccessful casino bid in the Port in 2000. Once the casino license was allocated to Sun International, Tsogo Sun sold their lease rights to Southernport (Pty) Ltd. Transnet disputed the lease and an award through a legal arbitration process was made in 2008, allocating some port land to Southernport. Whilst Southernport had a non-industrial argument during the arbitration (i.e. residential, retail, office and tourism/leisure/entertainment), demonstrated through the SSIF of the MBDA, Transnet had an industrial argument in the arbitration process.

Figure 13: The present land use plan of the Port Elizabeth port



Source: MBDA SSIF and Transnet

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Figure 14: The future land use plan of the Port Elizabeth port

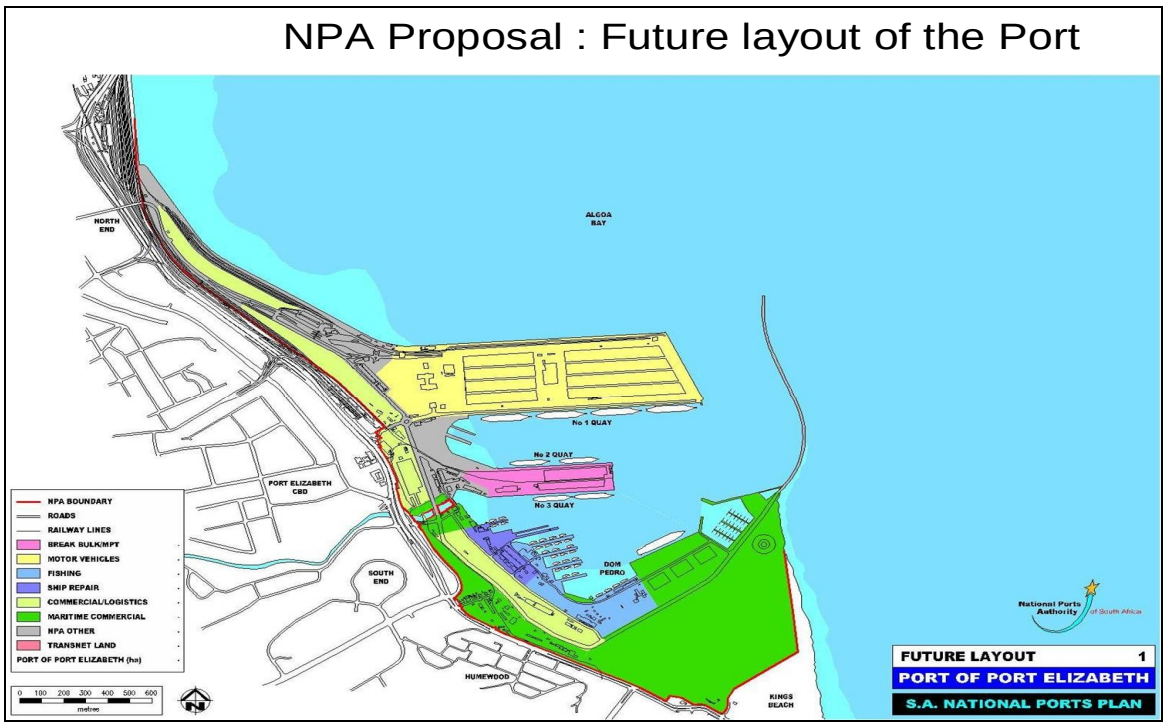

Figure 15 indicates the port land that is now in the hands of a private developer, Southernport. Although the land is still to be submitted through a series of approvals, such as an Environmental Impact Assessment (**EIA**), it is now ready for development.

Figure 15: The extent of the land awarded to Southernport



Source: MBDA: SSIF

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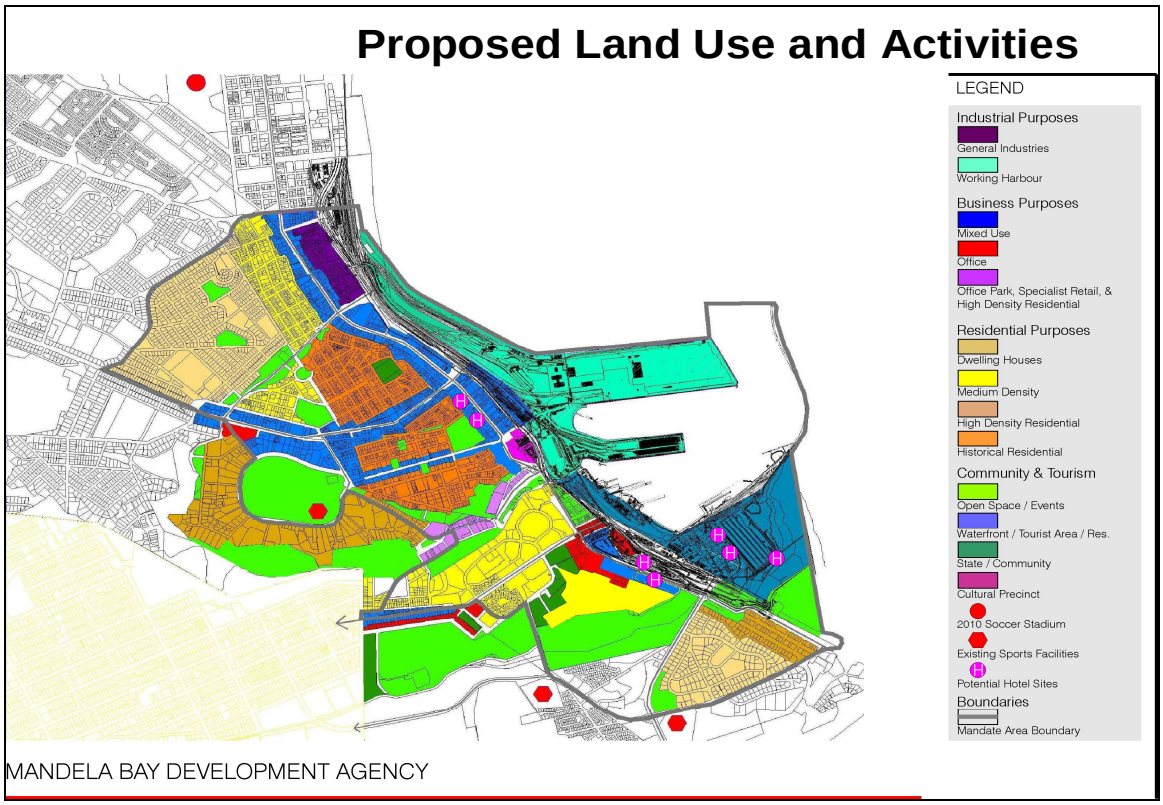
The SSIF, which was the main decision making determinant in the arbitration, clearly indicated a non-industrial development purpose of the southern part of the Port Elizabeth port. ***Figure 16*** shows a schematic overview of the potential development uses.

Figure 16: A potential future development use of the southern part of the port in relation to the city



Source: MBDA SSIF

Without the MBDA's SSIF and the SSIF being employed in the legal dispute, it is doubtful whether the land in the arbitration would have been awarded to Southernport. It was the opinion of the arbitrator, that the legal teams not only take the interests of Transnet and Southernport into consideration, but also those of the city.

10.4 Development Forums – a factory for an urban renewal cluster

One of the reasons for the failure of an effective urban renewal program (and effectively a positive contribution to LED) previously, was the then lack of public participation. The type of approach used, which catered more to the government producers of policy than to the consumers thereof, is frequently termed a top-down approach. The success of a city such as Barcelona in urban renewal and LED, employed a very strong public participation process, strategically driven by long serving Mayor, Joan Clos. Mayor Clos indicated that the cornerstone of the revival of Barcelona's Innovation Plan was a participatory process which brought together, and inter-related, a broad set of initiatives arisen from different spheres of the municipal organization, the business sector and the community. The 200 projects selected in the urban revival process of Barcelona were identified through diverse routes, meeting with local authority supervisors and managers, internal work sessions with the business sector, community suggestions and a multitude of ideas forums *(Barcelona Municipal Innovation Plan: 2002:46).*

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In order to develop the cluster/urban renewal idea, an ideas Development Forum concept was initiated by the MBDA as an instrument for the guidance of every infrastructure urban renewal project. Representatives from the private sector, government and other public stakeholders were appointed to the group, together with the Board members of the MBDA. Separately, these representatives each exhibit a specific form of expertise; legal, financial, urban planning, property development, etc. Also included in the Forum was the Executive Director of the Housing and Land Directorate of the Municipality, for whom this amalgamation of expertise in a mutual task force was unique. The MBDA acted as a facilitator of the group.

The Development Forum was established in a situation where the level of trust between the planners of the Municipality and the developers was very low. Not only was there a slow response to development and zoning applications, but it was often felt that the planners lacked understanding and appreciation for the entrepreneurial spirit of developers. The city's planning authority was expected to be a slow-moving machine that lacked the capability of adapting to the speed of the market.

Within a few meetings, the group developed a concise vision of the cluster of urban renewal. The result of the process concerning the cluster was further expressed in the planning design briefs of the MBDA in its respective infrastructure projects. The Development Forum therefore formed a collective group of different forms of expertise, such as engineering, market assessment experts, quantity surveyors, architects, urban designers and financial experts. The opinions and expertise provided by the Development Forum were used to construct part of the Request for Proposal **(RFP)** mechanism to attract the best urban designs for urban renewal infrastructure projects.

It is during these Development Forum discussions that the wide gap between the interests of architects, engineers and urban designers on the one hand and economists and financiers on the other hand, emerged into plain visibility. The Development Forum and the MBDA thus forged a bridge between these different disciplines and forms of expertise, continuously taking customer needs and market demand into account.

With the redevelopment plans of the Tramways Building – an old tram shed which had fallen into complete decay over the period recently prior to 2008 – it became evident that the MBDA Development Forum formed a crucial part of the RFP process, calling for design proposals for the Tramways Building. The views expressed ranged from a complete demolition of the building, creating a green belt, to using the building as a key infrastructure project to serve as a catalyst for the redevelopment of the Baakens River Valley. ***Figure 17*** indicates the site of the Building in relation to the rest of the Baakens River Valley, wherein most of the industrial related property belongs to the Municipality.

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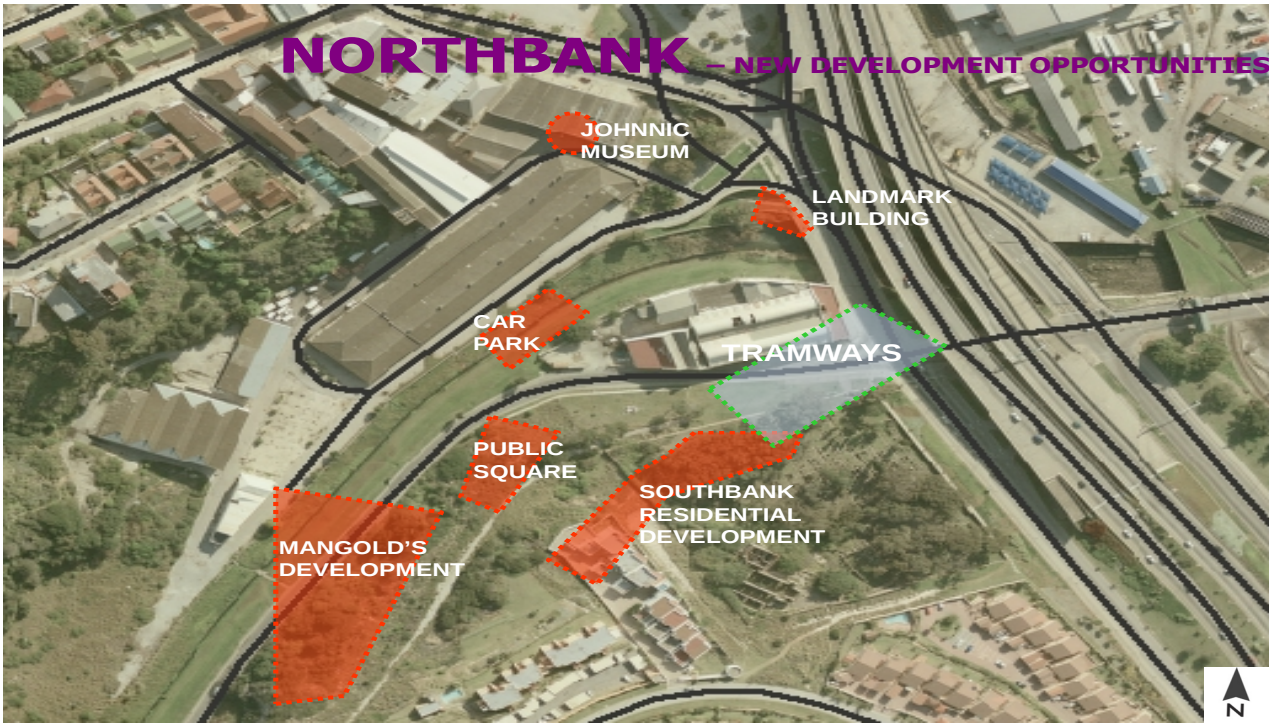
Figure 17: The site of the Tramways Building in relation to the rest of the Baakens River Valley



Source: MBDA SSIF

It was also during this period that the Municipality decided to convert the SSIF of the MBDA into a fully-fledged Local Spatial Development Framework **(LSDF)** – a legal document set to become the implementation blueprint on behalf of the Municipality in the urban renewal Mandate Area.

In summary, the *concept to completion* (a term used by the MBDA) process became a collective effort to overcome the priority contrast between design and economic sense. Between 2006 and 2008, the MBDA vigorously re-engineered the entire debate around urban renewal and clustering – based on the influences from the market – and made compatibility of these with the planners' ambitions, achievable. The need of the customer took centre stage in the urban renewal planning process.

10.5 A definition of the cluster standards

In an internal MBDA Board paper in 2006, the MBDA formulated its vision for a cluster as a general background for the urban renewal efforts and the implementation of the SSIF. The Board Submission is effectively a report of the findings of the Development Forum. The vision was that the MBDA, together with other companies, business, the university and community-owned organizations, sought to participate in the creation of a knowledge centre around the issue of clustering and urban renewal in Port Elizabeth. This effort was similar to the system of innovation (i.e. triple helix).

Clustering within an urban renewal context is *a network of activities, located within walking distance of each other, cooperative, complementary and completing each other.* Activities should not necessarily belong to the same sector, but they should definitely be knowledge-based corporations giving the area the intended image. The Mandate Area furthermore requires space for service companies, supporting the knowledge companies and working towards a mixed-use

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combination of retail, residential, office and tourism/leisure/entertainment (*MBDA Board paper: November 2006*).

This definition of clustering is generated from the MBDA's Board papers. In practice, according to an interview with the Chairman of the Board of the MBDA, Saki Macozoma (*an interview conducted on 21 February 2007*), the main concern was for the MBDA to be located among other companies and government related organizations, which utilize staff within the same profile of expertise. This synergy creates a reputation and luminosity for the area, which causes the location to stand out amongst other locations. The MBDA requires location in an environment where mingling is possible within a group of urban designers, engineers, quantity surveyors, architects and market assessment practitioners, working towards the creation of a cluster around retail, residential, office and tourism/leisure/entertainment.

On a very practical level, according to Macozoma, "a cluster is about the family with two skilled people, living together, working, rotating between work places, and raising children in the same frame of logistics". People tend to be attached to an environment with a range of qualified employers that adapts to changes in the private sector of life. The *nice factor* is understood as a basic structure that forms the conditions for development in an area. It should be pleasant to move through the area on foot or by some form of transport. Standard levels in respect of basic services, such as security and cleansing, need to be reasonably equal. It is this vision that forms the core of urban renewal clusters and place making of the MBDA.

In the United States, according to Macozoma, comparable areas are organized around the use of cars. The area of interest is measured by "we meet within 15 minutes" – 15 minutes by car in the United States and 15 minutes of walking in Europe. A comparable cluster notion in the United States, according to Macozoma, would be larger than in The Netherlands, with several cluster nodes linked in the system.

The United States is similar in behaviour to South Africa in terms of walking the urban node on an everyday basis. A country like The Netherlands is more prone to classic urban structures based on walking than the United States and South Africa. Cape Town though, has made significant progress in the creation of a *walking city*. In these densely built-up areas, cars are seen as a hindrance, rather than as a tool for intermediary communication or connectedness. In Europe, parking is an issue of great significance; a situation which makes demands on building structures. The issue of density and parking results in the construction of several floors dedicated to parking, even below the ground level of a construction. In South Africa – and in particular Port Elizabeth – the idea of walking (within in an overall approach of "people in, cars out") in an urban node only started to catch on towards the end of 2008, when the pedestrianization of the main road of the CBD in Port Elizabeth, Govan Mbeki Avenue, neared its completion.

The SSIF of the MBDA *(SSIF: 2005:20)* stressed the concept of *critical mass* as a basis for driving a cluster. The presence of a number of actors needs to become large enough to encourage a self-sustaining process. The MBDA, in its SSIF, also stresses that a place with attractive space, buildings, efficient urban planning and with high service levels will attract knowledge companies and people of competence. Furthermore, the cluster should give rapidly growing corporations the opportunity to locate flexible spaces for their organizations. A cluster area should also provide for one organization's down-sizing in order to provide space for other activities. The co-location with a university, referring to the off-campus Business School of the Nelson Mandela Metropolitan University in the CBD, would encourage recruitment, research co-operation and the exchange of teachers.

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It was the approach of place-making to live, work and play that formed the backbone of the MBDA's idea of an urban renewal cluster.

High quality transportation; for example, buses and trains - is a key issue for the cluster, not only during the day, but also in the evenings. It should be possible to arrive in Port Elizabeth without traffic jams. It should be possible, in Port Elizabeth, to traverse from one destination to another without using a car, but preferably a bus. For this to be possible, a range of municipal planning and initiatives would be required, reaching far beyond a more isolated MBDA focus. The MBDA focus provided a point of initiation in this regard. An urban cluster would be outfitted with services such as retail, offices, residential space, restaurants, cafes, banks, security, travel agencies, hotels, printing/copying services, service shops, flower shops, leasing services, shopping malls, child-care centers, environmental services and petrol stations. The entire area should be clean and welcoming to visitors. People should feel good about working, living and playing in the area, and activities should be arranged on a 24-hour day schedule *(SSIF: 2005:26).*

People should feel safe, even late in the evenings, as they leave work for home by public transport or walking, making security a central issue.

With the new term, *dynamism* the MBDA denotes that businesses can afford to move to former redundant areas and excel in areas that were no-go areas during the previous fifteen years. Many companies make recruitment easier by attracting people looking for challenges and who want to work close to their education, playing, living and working environment.

With the key term, the *nice factor*, the MBDA intends that it should be nice to walk between buildings, no matter the weather, easy to arrange meetings and socialize in many meeting places such as open restaurants, cafes, and other establishments. In summary, the ideas around the MBDA's cluster are:

- An urban cluster for residential, office, retail, tourism/leisure/entertainment with dynamism, closeness and a nice factor
- Widely accessible public transport
- Data communication and wireless high speed internet
- An environment with restaurants/cafés that is aesthetically pleasing, clean and open 24-hours a day
- A critical mass of workers, residents and players.

In the SSIF, the core focus was identified as the area of Central and the CBD.

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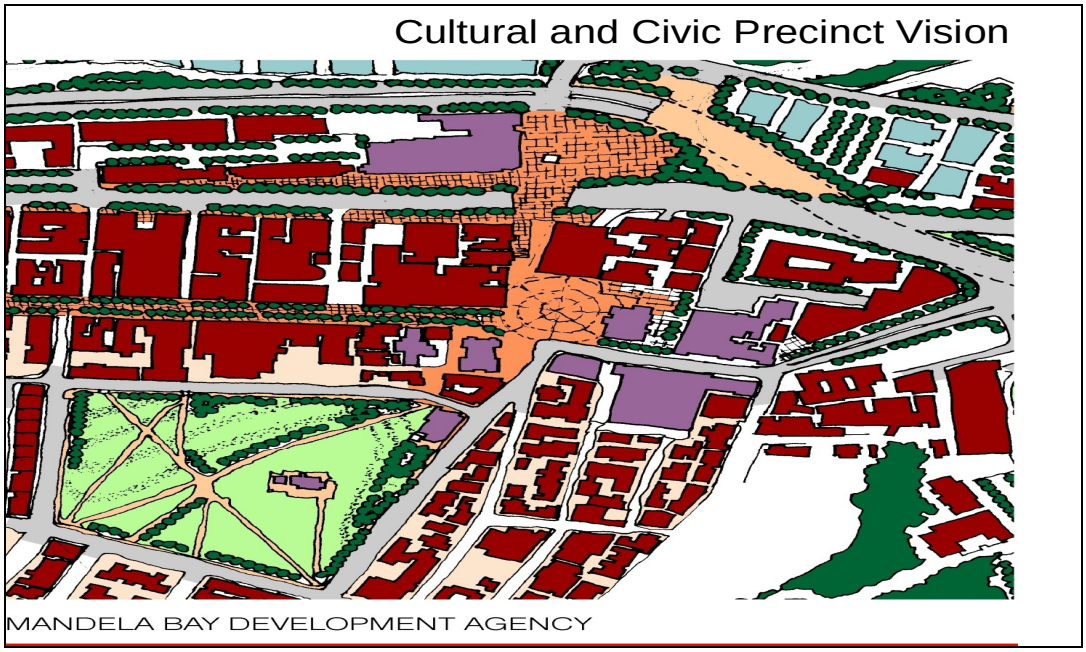
Figure 18: The core areas of the CBD and Central (heritage buildings indicated in purple)



Source: MBDA SSIF

Figure 18 indicates the emphasis around the Central and CBD area. The cultural diversity of Port Elizabeth as a city was incorporated in a market assessment as part of the planning of the Mandate Area. The purple areas are the historic buildings of the CBD, such as the Opera House (the oldest operating opera house in Africa), the City Hall, and the Feather Market Centre.

The SSIF initiated as an interventionist plan to ensure that the urban renewal infrastructure program has well-researched projects with a strong catalytic impact leading to private sector investment to ensure the biggest economic multiplier impact.

Figure 19 shows the initial infrastructure program that included projects that linked up to one another to form a collective whole to uplift the city to a higher level of standing.

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Figure 19: The first five years infrastructure programme



MBDA: Annual Report: 2008/2009

The urban design and planning processes of Govan Mbeki Avenue indicated that 80% of all shoppers and office workers make use of public transport, meaning that they are those who travel from black townships. It is this market research and needs of the customer that informed the semi-pedestrianization design of Govan Mbeki Avenue.

Figure 20 indicates from which direction the traffic of people originates from in the area of Govan Mbeki Avenue, and ***Figure 21*** indicates the movement of people within the area.

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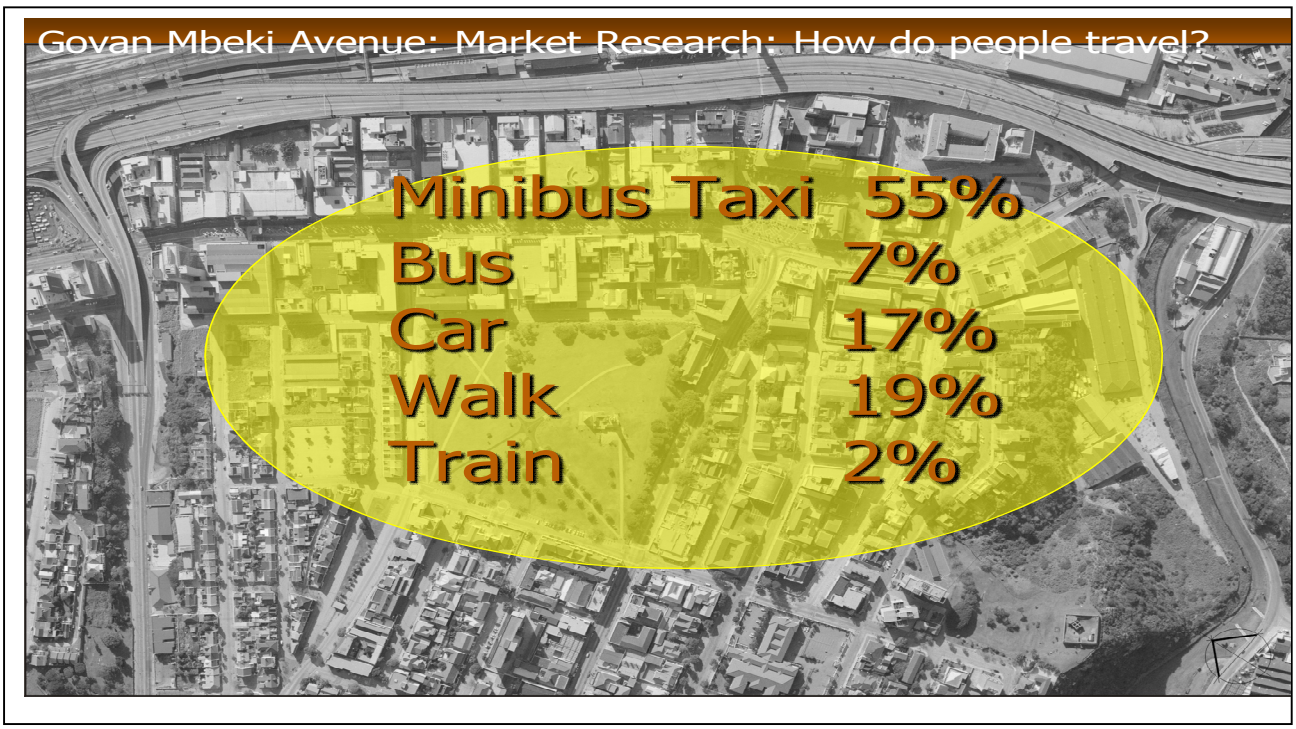
Figure 20: Govan Mbeki Avenue: Where do people come from?



Source: MBDA

Figure 21: Movement of people in Govan Mbeki Avenue



Source: MBDA

10.6 The initial planning brief – integrating urban planning with economic development

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Port Elizabeth and the MBDA have transformed the dynamic goals for a cluster into an operative design strategy. The MBDA initially employed a company called *The Matrix*, the firm of an experienced urban design and architectural expert, to visualize the standards for the first two urban renewal cluster projects of the MBDA, namely the semi-pedestrianizations of Govan Mbeki Avenue and Parliament Street.

Gradually the role of The Matrix grew and together with the MBDA, tenders were invited in such a way that the ultimate design became a catalyst in developing the urban brief for the area. The work was undertaken in a partnership between the city's planning department and the MBDA and this action contributed further in bridging the gap between the market assessment activities and urban planning. From this process, it became clear that a steering group with representatives from the city's planning department, real estate, traffic, security departments and the MBDA should regularly meet and guide the planning process.

The pedestrianization of Govan Mbeki Avenue and the planning associated with it was the first collective effort to bridge the gap between urban design on the one hand and what makes economic and financial sense on the other hand.

The project design was a response to customer needs and the construction of informal lock-up trading kiosks (each with a water and power point) down the middle of the street, recognized that informal trading is an integral part of the CBD economy and a response to the 80% daily visitation from the townships. The project outcome, in relation to the further implementation of the SSIF, is demonstrated in ***Figure 22*.**

Figure 22: The completed semi-pedestrianization of Govan Mbeki Avenue



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Connected to the marketing of the completed street, as part of the urban renewal effort of the MBDA, was the idea of a green area to structure the communication pattern in the area and to serve as a green and environmentally friendly locale. It was obvious for the urban design and architects that the inclusion of a broad, open and pedestrian-friendly esplanade would be a reliable basic planning strategy (*The Matrix: 2006:10*).

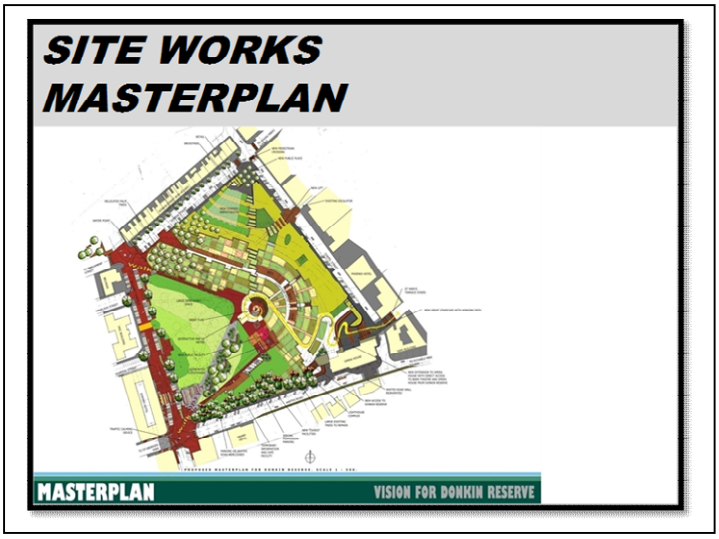
At the time, another effort concerning a heritage city with multiple heritage nodes appeared. This approach was embodied in the Donkin Reserve Upgrade, a heritage area that lends itself to a collective social input of people into the final design process. The Donkin Reserve – a square of particular heritage significance and the resulting upgrade of the area – was seen as an important public sector investment to serve as a catalyst for private sector investment. The project was a case study in social inclusivity in making the project representative of the people that work, live and play in the area.

Construction, which commenced in 2009, was planned as a three-year programme. The Donkin Reserve is the "balcony" of the city and had become a badly neglected area. The aim was to once again cause it to become the centerpiece of Port Elizabeth. The project's design and construction was similar to the planning of Federation Square in Melbourne, Australia. AGE Newspaper states that, "Federation Square has established itself as an integral part of the city and its culture. It is a focal point for rallies, parades, demonstrations, entertainment and to view sporting events. It is also a wonderful example of a public space being used by and for the people, much like other cities, notably in Europe, using their open spaces…in just a few years Federation Square has assumed an important place in the physical and mental topography of the city and its people. It is a space filled with possibilities…"*(AGE Newspaper: 6 March 2006: 12).*

Koo (2010:3) refers to this kind of space as a "third place"– a public place that is not home or work, where people gather voluntarily, informally and frequently. It is homelike, where people can feel psychologically comfortable, able to unwind, regenerate and feel at ease. It is a neutral place.

Figure 23 demonstrates the Master Plan of the Donkin Reserve, and ***Figure 24*** provides a further indication of the social approach and the collective inputs of people from different cultures into the final design.

Figure 23: The Donkin Reserve Master Plan



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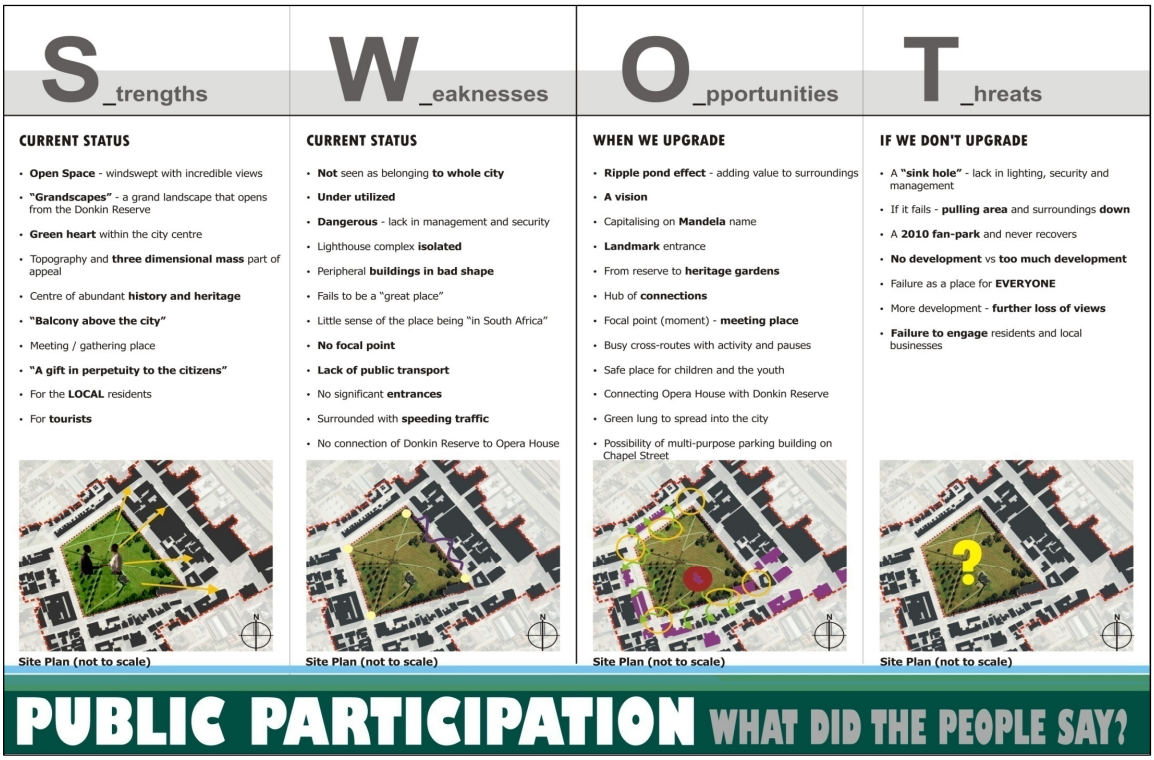
The design process was based on a broad scale public consultation process, aimed at bringing the social element to design and eventually to construction.

Figure 24: The social approach in respect of the Donkin Reserve design



The Donkin Reserve urban design did not only produce an innovative urban design, but also a design that makes social and economic sense. The Donkin Reserve is surrounded by deep-rooted urban decay and the upgrade of the Reserve is likely to lead to private sector investment in surrounding properties. The purchase of the historic King Edward Hotel by a Middle Eastern investor and the resulting upgrade is one such a private sector response. The very derelict and historic Grand Hotel has also been bought and restored in response to the public sector investment in the Donkin Reserve.

A number of aspects played a key role in the design process. These aspects were included to provide the project with a bigger catalytic economic multiplier impact. The aspects included were tourism, heritage and art. It was also important to pay attention to the potential tourism impact and the inclusion of a 60 meter flagpole with a 12 X 8 meter flag that is visible all around the city. The element was significant from a tourism point of view. ***Figure 25*** places the flag, erected in 2010 in perspective to the rest of the CBD.

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Figure 25: The Big Flag concept on the Donkin Reserve



The Donkin design furthermore paid consideration to the historic importance of the Reserve. Careful attention was paid to the design construction process and to the demolition of older structures. ***Figure 26 and 27*** demonstrate part of this process.

Figure 26: The heritage approach

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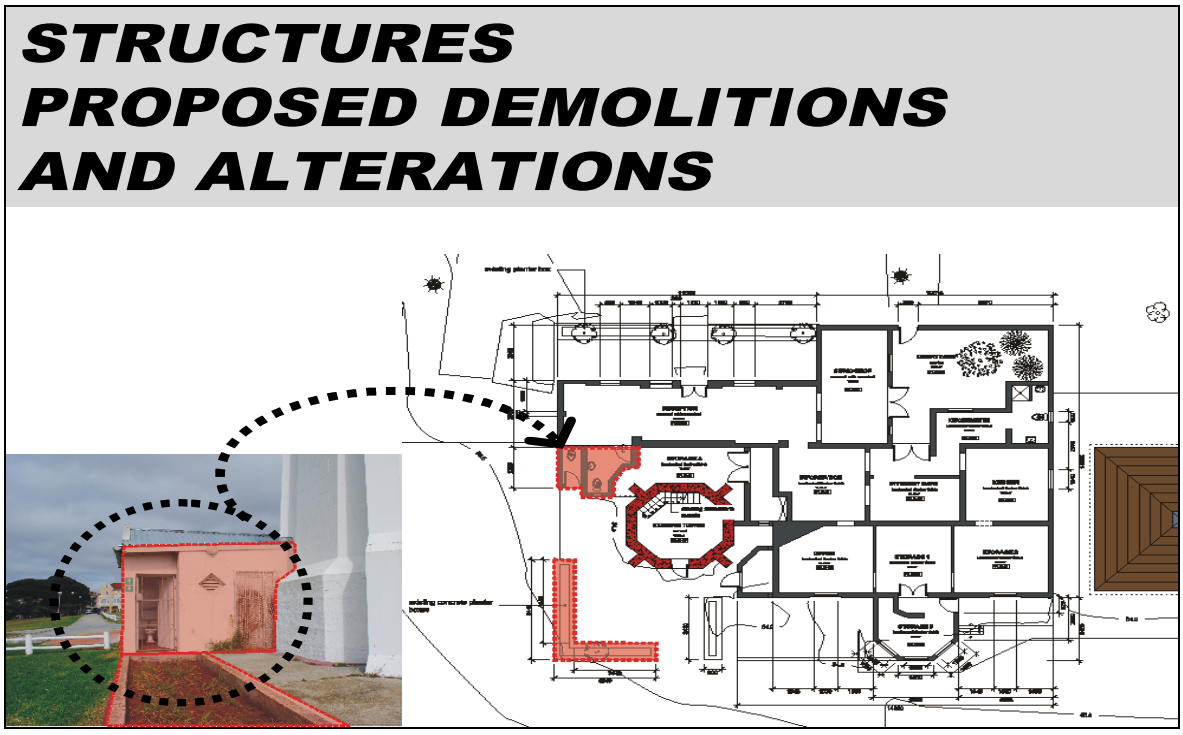
Source: MBDA

Figure 27: Keeping the old structures



Source: MBDA

The concept of public art also played a role in the design process. This was executed through a public art competition that resulted in the selection of 67 art pieces. The art pieces addressed the concept of a public gathering place where people are able to express their ideas through a public art journey. ***Figure 28*** was one such piece of art.

Figure 28: One of the selected art pieces: River Memory

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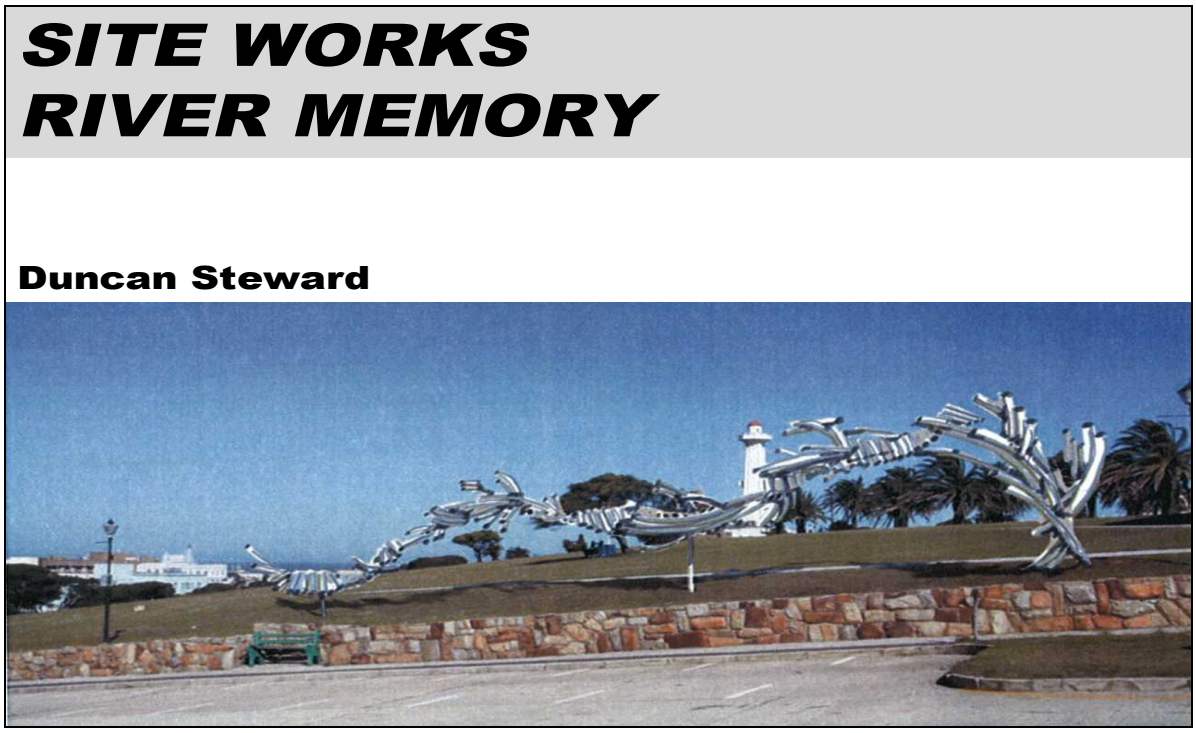

10.7 An adapted strategic plan for the second five years, commencing in 2010

The author was instrumental in the development of the MBDA's founding documents, the initiation of the SSIF (Master Plan) and the perception surveys to determine the impact of the completed projects on local economic development. The founding documents – which have a different approach to urban planning in that planning was driven by the needs of the market and the outcome of public participation – were revised under scrutiny for the second five year cycle of the urban renewal initiative. This revision was in order for the approach to be adapted to ensure that the customer maintained occupancy as the central focus in urban renewal.

The rapid progress made, initiated the revision of the Strategic Plan of the MBDA (2010) for its second five-year cycle. The Plan addressed and anticipated the future for the company. Its aim was to run the company in a way that would maximize its potential for Port Elizabeth. The current activities, however should also aim at maximizing the economic return and thereby the value over time. In the Strategic Plan, the vision of a well maintained, innovative and caring city, with a combination of work, living, education, research, culture, heritage and recreation is the overall aim.

The initial approach of the MBDA was on a strong infrastructure implementation approach. Once critical mass in this respect was achieved, the focus became more diverse and the Development Forum approach – to create a mechanism to bridge the gap between urban design and customer needs – became the cornerstone of the MBDA approach. The second five-year approach expanded to include *softer* issues such as art and heritage.

The second five-year strategic plan was based on a number of key issues. These included, *inter alia*, urban management and the key delivery platforms.

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The **overall approach** of the MBDA towards urban renewal is to deliver in the instructed mandate of urban renewal through two key processes – planning (feasibility studies, area development plans, project plans) and implementation. The key elements in the process are:

- **People at the centre:** No one knows more about a place and how it functions than the people who live and work there; people are at the *coal-face*. However, planners and officials rarely consult people regarding the issues they have direct experience with – such as whether it was difficult or unsafe for them to use a particular part of an urban place. Instead, the public is usually asked to comment on development proposals and proposed designs, after the fact. The MBDA's approach to urban renewal is *bottom-up* (versus top-down). Central to its actions are the needs and requirements of the people of the MBDA's mandate area – residents, investors, businesses and visitors. The approach of starting with stakeholder needs is shown in ***Figure 29***.

As a basis for its plans and actions, the MBDA strives to include channels for listening to people and receiving their feedback to find out what is most important to them and what they want for the mandate area. This approach allows communities to bring their insight and knowledge to bear in the process of making change. It allows them to become pro-active versus re-active, and positive versus negative. The MBDA believes this approach will result in more visible change, as individuals undertake small-scale, doable improvements to complement the MBDA's bigger interventions. This will result in far greater benefits to these places and the people who use them. The driving force is the intent to restore urban areas to once again become the places where people want to meet, shop, work and play – giving the city *back to the people*.

- **Delivery partnerships:** Partnership working is increasingly a feature of the way in which the MBDA operates and is fundamental to delivering its urban renewal mandate. Whilst stakeholder needs are central to the function of the MBDA, the agency was established to fulfill a specific purpose. Clearly it can and should not deliver on all aspects of urban management, nor deliver solutions to all stakeholder needs. Partnership working is recognized in defined roles (Doer, Promoter, and Supporter). Work is performed in the context of overall city planning and development. It is important for all role players to recognize that the MBDA is not a planning authority. The MBDA's priorities are aligned with the planning parameters of the NMBM, and the projects *in sync* with the objectives of the city *(MBDA Strategic Plan: 2010:11).*

Figure 29: MBDA Urban Renewal Approach


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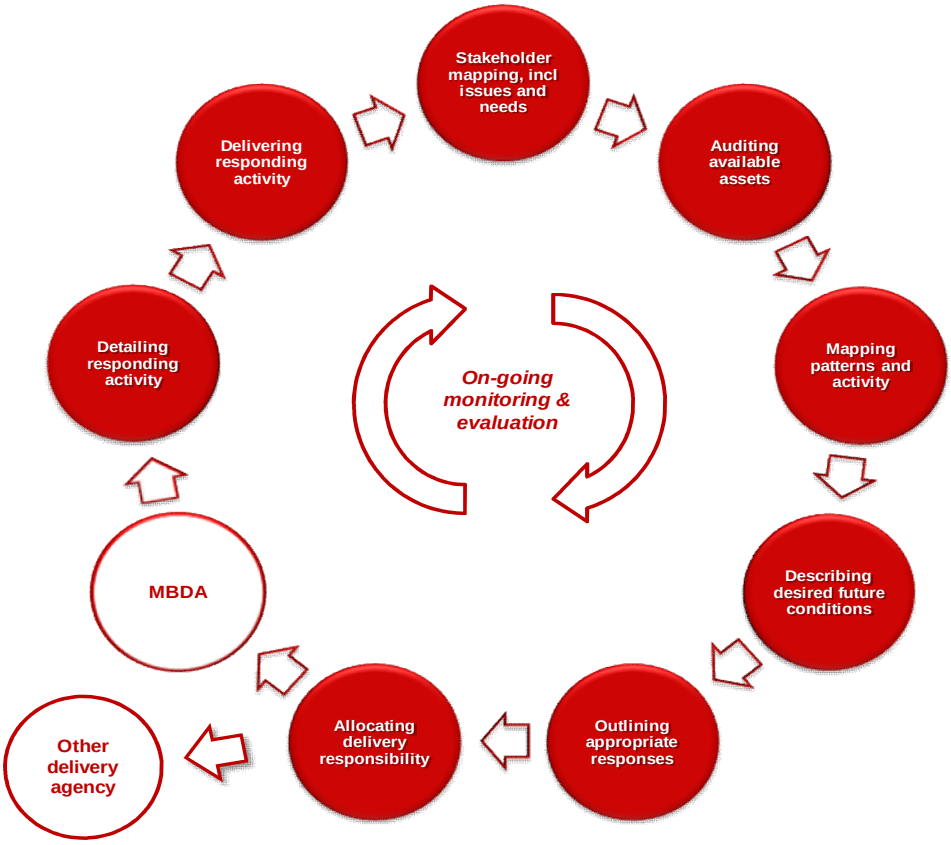

Source: MBDA

The main working relationship with the NMBM is essential to the successful delivery of the renewal of urban places. The MBDA acknowledges that the footprint of the its partnerships with the NMBM can, and should, be expanded. Whilst the MBDA has strong relationships with, *inter alia*, Treasury and Spatial Planning, it needs to invest in joint projects and approaches with Housing and Land, Solid Waste, Environmental Management, Safety and Security, Arts and Culture, and so forth. Every staff member of the MBDA should be tasked with the building of partnerships and pursuing common projects with counterparts in the NMBM. In addition, the MBDA endeavours to work with a wide range of other public and private sector partners on an ongoing basis.

- **Optimal resource use:** The MBDA is purposefully following an incremental approach to bringing about physical, social and economic change. If the MBDA is to make real progress, it must concentrate its efforts where the need for change is greatest. It will focus the majority of its own resources on a limited number of strategic interventions where urban renewal can best be achieved. Priority interventions are selected according to one or more of the following criteria:
    - deals with changes where there is a strong government expectation of MBDA leadership in planning and managing change
    - delivers on urban renewal priorities where there is no obvious alternative organization that has the capacity, capability and focus on delivering this type of intervention
    - intervenes in areas, which are most likely to deliver long-term improvement in the productivity of the Mandate Area
    - delivers projects and programs which can achieve progress and make a significant contribution across a number of IDP goals
    - continues with interventions where the MBDA has made significant prior commitments and/or where the MBDA already is engaged in developing the type of intervention.
- **Continuous improvement**: The MBDA uses monitoring and evaluation processes to ensure that everything it does helps continuously to improve its urban renewal activities. Planning for

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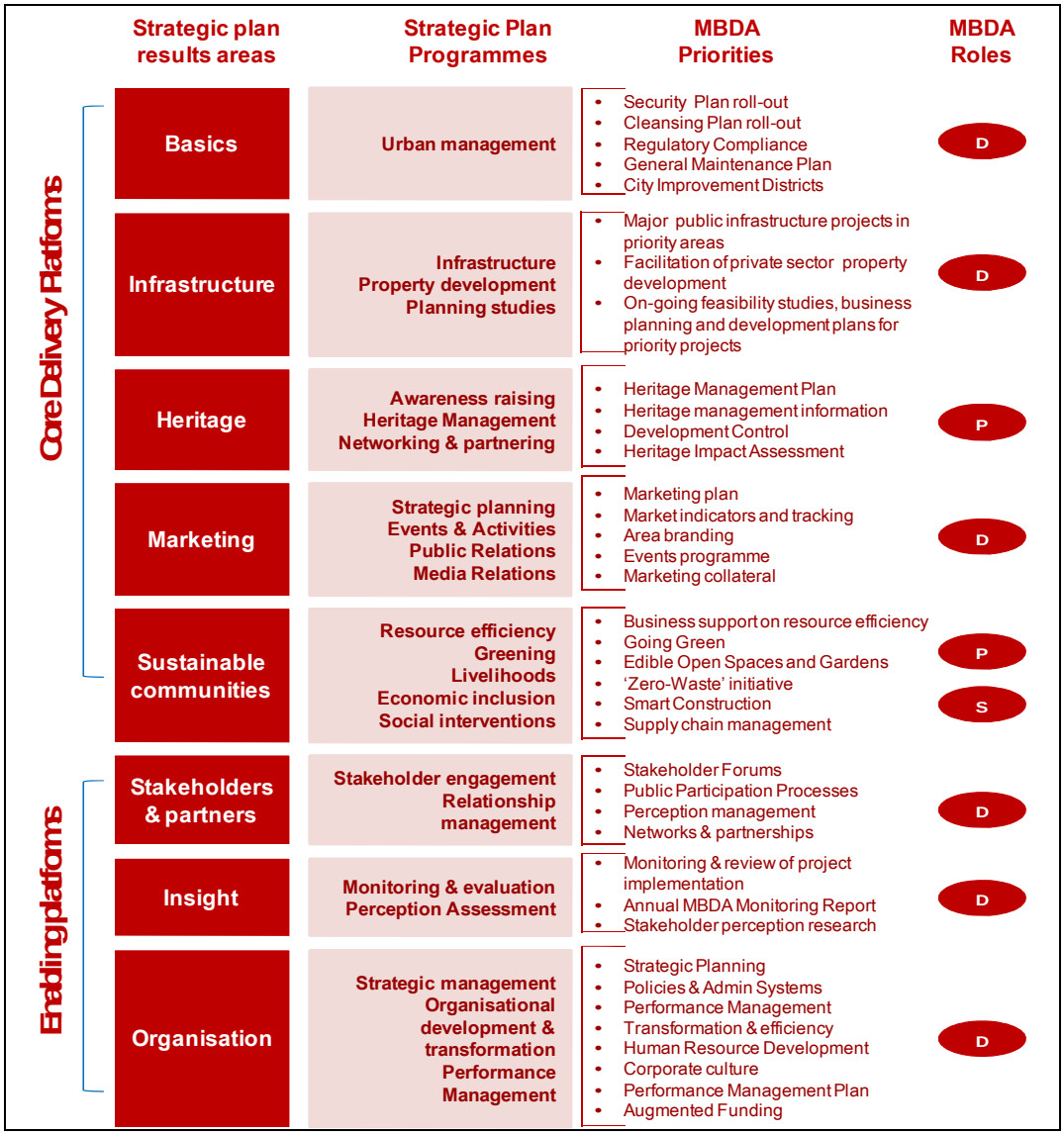
monitoring and evaluation in the management of every project is to be at the root of the performance management system. The MBDA tracks the impacts of its activities, in addition to reporting on project inputs. In keeping with an integrated approach to urban renewal, the performance indicators will extend beyond the value of infrastructure projects to quality of life and business indicators for renewal areas. Performance information is to be generated through monitoring and evaluation to drive progress towards the MBDA's goals and objectives *(MBDA Strategic Plan; 2010:21).*

The MBDA's key delivery platforms are as outlined in ***Figure 30***.

Figure 30: The delivery platforms of the MBDA



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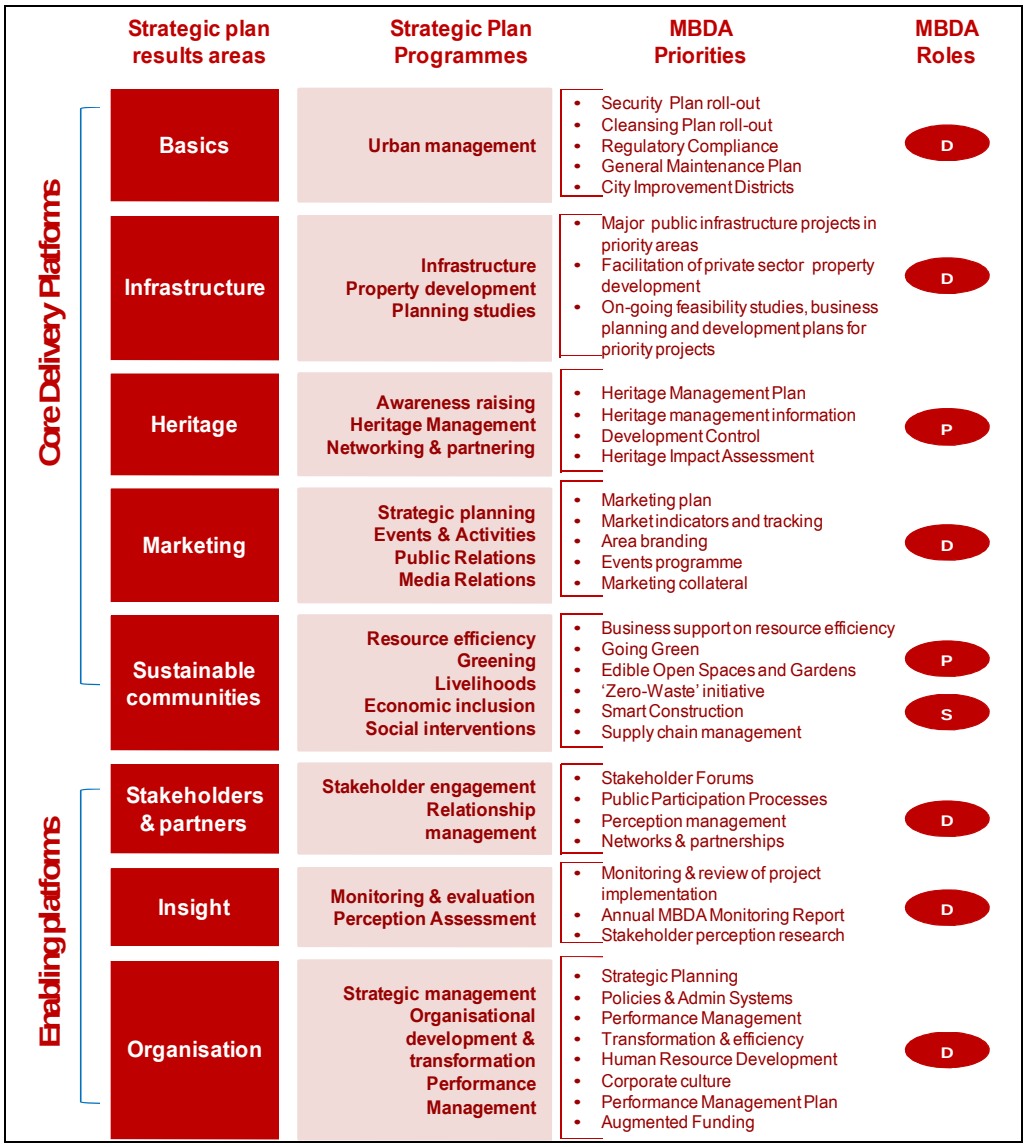

D - Doer

P - Promoter

S– Supporter

10.8 A market initiated planning brief

The work with the MBDA's Strategic Plan for the second five year cycle commenced in June 2009, against the backdrop of the world's deepest recession since World War II. As motor manufacturing and other related businesses in Port Elizabeth entered a turbulent business cycle – negatively affecting the urban renewal activities in Port Elizabeth – the MBDA's preoccupation was on problems more than on opportunities. Urban renewal took a secondary role and it was important to develop a strategic plan, which used the recessionary period to plan for the better times ahead.

The MBDA, in its Strategic Plan, placed a significant emphasis on market research in respect of retail, office, residential and tourism/leisure/entertainment. ***Figure 31*** outlines the basic approach to market research, which formed the core of the MBDA's implementation approach. Market research was the main tool in closing the gap between urban design and customer desires. It was the outcome of the market research that led to urban design which corresponds to the market needs and

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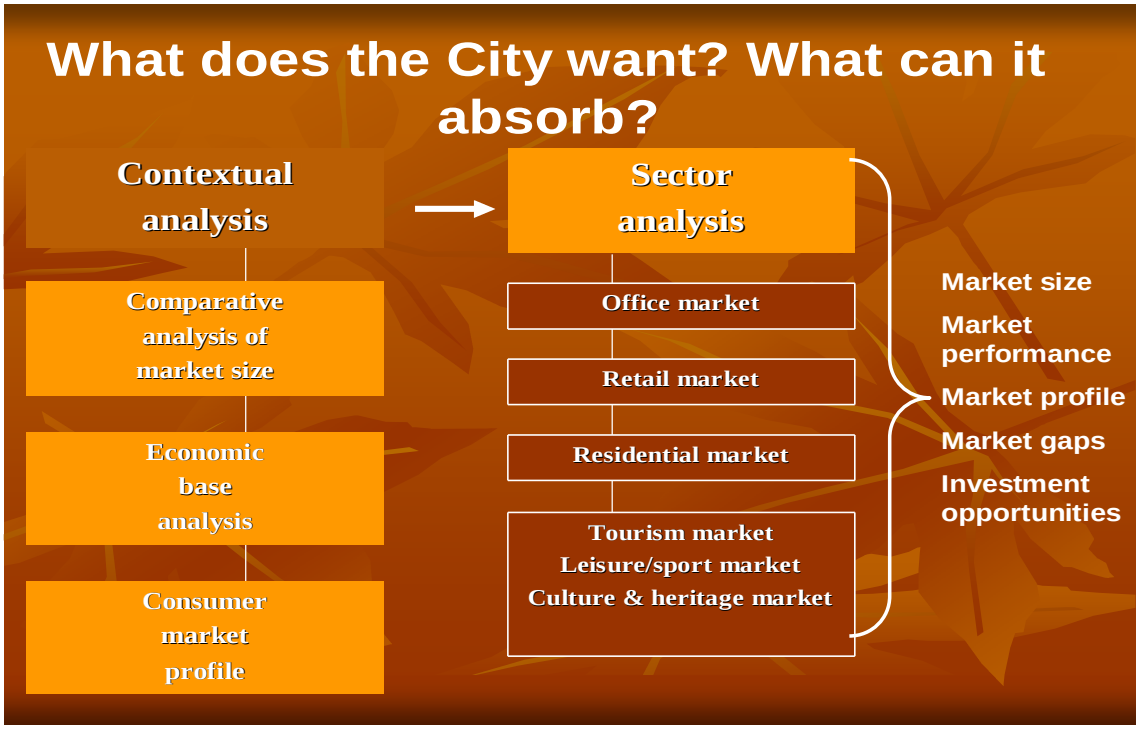
what will have the biggest economic multiplier impact through selected urban renewal infrastructure projects.

Figure 31: A market researched approach



It was widely understood that the conceptualization of the catalyst infrastructure projects could not take place without sound data based on market research. Much of the planning work was focused on the task of generating background data for the integrated work. This was particularly evident in the hotel industry. Port Elizabeth had not seen many hotel developments over a period of 10-years until 2007 (when the Radisson Blu Hotel commenced with construction – the first five-star hotel in Port Elizabeth). The hotel study by the MBDA, as part of the SSIF, was conducted to determine what the market demand would be over a period of time in respect of 3, 4 and 5 star hotels. It was this kind of research that led to the construction of the Radisson Blu Hotel, completed in July 2009. Since then, a number of new hotels have been completed, such as the City Lodge Hotel as well as the construction of an International Convention Centre and a 120 room, 5 star hotel by Sun International, completed in December 2012.

The idea of testing different outcomes through market assessments is illustrated in the hotel case study. With the first 5-years based on the SSIF and the second 5-year period based on a further redefinition of the SSIF – with an emphasis on elements, such as greening and heritage – the MBDA had a politically sanctioned blue-print with which to approach the next 5 years. With a clearly defined timeframe, the concepts would be discussed in the respective briefing groups, with the design and construction tender process in mind. The idea of concept to completion became the general *modus operandi* of the collective groups of architects, urban designers, engineers, quantity surveyors, financiers and financial modeling experts. The Donkin Reserve upgrade is a significant case in point.

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10.9 Testing the response of the market: The economic impact of completed urban renewal projects – direct observation outcome through surveys

To assess the extent to which the gap between urban design and architecture – and financial and economic sense – had been bridged, it was important to commit to a period of direct research observation to determine whether any success had been achieved. Direct research within the applicable working groups and strategic management groups commenced in 2010. Survey research (the fieldwork of which was assisted by university students) was conducted through a door-to-door questionnaire completion by business owners and residents to determine what successes had been achieved by association with the infrastructure projects implemented during the MBDA's first 5-years of operation.

In ***Chapter 7*** (The regional and LED impacts of a competitive urban renewal cluster) regional economic impact theory was discussed in terms of contribution to GDP and employment. The survey perception tested the economic impact in these terms and the soft impact on residents and businesses in the upgraded areas. The questionnaires, the outcome of the surveys and survey area are attached in **Annexures A – E.**

The direct observation case study is performed in respect of the work completed in Govan Mbeki Avenue (already discussed in **Section 10.5**) and Parliament Street and the immediate surrounding area. Research, through door-to-door surveys, was conducted by the MBDA to not only measure the quantitative impact of these public sector investments, but also the qualitative impact. The following results emerged from the survey. The survey was carried out by means of a questionnaire, using students to personally approach business-owners and residents in the Parliament Street and Govan Mbeki Avenue upgraded precincts.

The data collected in the door-to-door survey was inserted in a Microsoft Access Program wherein results could be drawn to provide an indication of the catalytic economic impact of the environmental upgrade of the Parliament Street and Govan Mbeki Avenue precincts. The Parliament Street upgrade was completed at a cost of R20-million in February 2009. The upgrade of Govan Mbeki Avenue was completed in December 2009 at a cost of R95-million.

The economic impact of the upgrade of Parliament Street (not Govan Mbeki Avenue) is demonstrated in **Table 2**.

Table 2: The economic impact of the Parliament Street upgrade

ECONOMIC IMPACT OF THE UPGRADING OF PARLIAMENT STREET

New business sales generated, R'ml current prices	2006	2007	2008	TOTAL
Direct	R 0.000	R 1.821	R 12.524	R 14.344
Indirect	R 0.000	R 1.900	R 12.109	R 14.009
Induced	R 0.000	R 0.866	R 6.510	R 7.376
TOTAL	R 0.000	R 4.587	R 31.143	R 35.730
Gross Value Added created, R'ml current prices	2006	2007	2008	TOTAL
Direct	R 0.000	R 0.543	R 3.736	R 4.279
Indirect	R 0.000	R 0.650	R 4.141	R 4.790
Induced	R 0.000	R 0.328	R 2.461	R 2.788
TOTAL	R 0.000	R 1.521	R 10.338	R 11.858
Employment created	2006	2007	2008	TOTAL
Direct	0	77	110	187
Indirect	0	7	42	49
Induced	0	3	21	25
TOTAL	0	87	174	261

Source: Urban-Econ Eastern Cape economic modeling, 2009

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The upgrade generated R35.7-million of new business sales. The majority of this production output was created during the 2008 financial year. Through the direct effects, the project created R14.3-million of new business sales in the construction sector.

The project stimulated the creation of R11.9-million of Gross Value Added throughout its duration. A third (36.1%) was created in the construction sector through direct impacts, while the rest was created in the supporting industries and sectors that sell products to households. The key beneficiaries of the project, except for the construction sector itself, were trade, transport equipment manufacturers, non-metallic mineral products manufacturers (cement, concrete, pavement bricks, etc.), business services, and health and social services.

During the 2007 and 2008 financial years, the project created a total of 261 employment opportunities. Almost three quarters of these employment opportunities were created by the project directly, while the rest were created through indirect and induced effects.

Parliament Street was a well-known office, tourism, entertainment, leisure and residential street, up until the mid-nineties. Due to an increase of bad elements, the street became an unofficial red light district characterized by drug dealing/prostitution, with a serious lack of security and cleanliness. Rectifying the basics was a point of initiation in most of the urban renewal projects of the MBDA and the increase of security (through a MBDA managed private sector contract culminating in a 24-hour guard system and CCTV cameras), cleansing (also through a MBDA managed private sector contract), and infrastructure, upgraded the street to another level to once again become a centre of entertainment, leisure and tourism. Property owners responded with correspondingly increased levels of investment in their properties.

Sunter (1997:115) writes *inter alia* about London, Hong Kong, Singapore, Cape Town and Port Elizabeth: “Port Elizabeth has a marvellous street as well. The San Francisco Coffee Bar epitomises the world-class principle of differentiation. It was with pleasure that I came across the Central suburb full of old settlers houses that have been done up or, to use that horrible London term, ‘gentrified’. Central reminds me of Chelsea with its chic shops and restaurants. I kept humming, ‘if you are going to San Francisco, you are sure to meet great people there’. In Port Elizabeth there is a strange vibration. People in motion…. Port Elizabeth has great appeal. There is comparatively little crime, and people stop to smell the roses. Maybe, when I retire one day, I will put some new strings on the guitar, mosey down to Port Elizabeth from Gauteng and start doing cabaret again.”

Since the writing of the book by *Clem Sunter*, Parliament Street, once a safe and secure entertainment street, spiralled into a serious state of urban decay. Only the well-researched intervention of the MBDA - in *getting the basics right* and completing the work on infrastructure - brought the street back to normality. The upgrade of Parliament Street (before and after) is demonstrated in ***Figure 32*.**

The upgrade of Parliament Street provided a number of lessons for further street upgrades, such as those of Belmont Terrace and Bird Street. The design product was an outcome of the lessons learned and new literature on street upgrading. During the design process an even bigger emphasis was placed on the democratic process, allowing an opportunity for all stakeholders to debate and determine future functions of the street. A jigsaw puzzle graphic was used throughout the process to demonstrate how a linear design procedure is used, setting out the way in which the street may be classified, analyzed and managed throughout the design process *(Jones, Boujenko and Marshall: 2007:250).*

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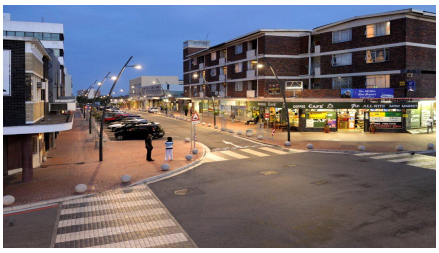
Figure 32: The Upgrade of Parliament Street (before and after)





The research conducted was during a period of international recession, at a time when the residential market was only just beginning to show signs of recovery. The real estate sector in Nelson Mandela Bay had adapted to view the city through new eyes, in particular reference to the re-use of buildings rather than the construction of new buildings. Several areas in Nelson Mandela Bay came under development pressure, as major real estate actors emerged to become the driving force in the city.

In the Development Forum for the respective planning briefs, it was discussed how the planning practice would support the marketing of the area and the fact that Nelson Mandela Bay was increasingly becoming a destination for property development. These discussions followed a specific line of thought which centered on the following approach of Jan Gehl, a Danish urban designer, "First life, then spaces and then buildings" *(Interview with Jan Gehl, Copenhagen, Denmark: April 2009).*

The discussions centered specifically on the creation of meeting places against the backdrop of place-making. Planning has become an area of bridging the interests of design and urban design with the interests of real estate developers and, therefore, customer needs. The long-term planning perspective of twenty years or more was confronted almost every day against the perspective of the urgency of property developers, even before the planning brief was formulated. Planning design brief therefore had to be tested against the market forces.

Nelson Mandela Bay was beginning to reflect the image of a renewed Port Elizabeth and began attracting the attention of both national and international property developers. Although the motor manufacturing and related industries were still the core of the economy of Nelson Mandela Bay, the economy had expanded to show that the city had attracted real estate, retail, office and tourism/leisure/entertainment development. The motor manufacturing brand began slowly evolving towards the brand of a diverse economy that caters for a cluster of retail, residential, office and tourism/leisure/entertainment.

Increasingly, the realization was, "don't pity the motor manufacturing – create the future" *(Interview with Alfred da Costa, President of the Port Elizabeth Chamber of Commerce and Industry* ***(PERCCI)*** *and MBDA Board member: November 2009).*

In the survey it was important to also measure the qualitative changes (referred to as "stress levels") and the quantitative elements surrounding the completed Parliament Street and Govan Mbeki Avenue.

Other than the economic impact assessment for Parliament Street, the survey results were in respect of the area around the Parliament Street and Govan Mbeki Avenue upgrade, as reflected in the Map

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in **Annexure E**. The survey included a number of key business and residential streets adjacent to Parliament Street and Govan Mbeki Avenue, such as Bird Street, Clyde Street, Havelock Street, Pearson Street, and Rink Street.

The findings are detailed in **Annexure D.** Some key findings are:

- 78% of businesses surveyed had initiated improvements to their premises in the last 8 months
- The majority of these improvements (50%) were to upgrade the interior of the businesses
- Only 20% of businesses said these improvements were to expand their business
- 52% of respondents indicated that they were planning on making improvements to their business in the next 1 to 2 years
- 26% indicated that they were unsure of whether they would undertake improvements to their business in the next 1 to 2 years
- Of the respondents that indicated that they were planning on making improvements, 60% indicated that these improvements were the result of the MBDA's upgrade
- Surveyed businesses, on average, employed 10 people, of which 87% were permanent staff
- 78% of respondents said that the upgrades in Parliament Street had improved their property value
- 22% of respondents said that there had been a significant drop in the amount of crime that occurs in Parliament Street
- 44% of respondents indicated that there had been no improvement in congestion in the upgraded areas as a result of the upgrades.

10.10 The resulting planning brief through the RFP process in the case the Tramways Building

The resulting planning briefs during the second five year cycle (commencing in 2010) of the MBDA's work, centered on the inputs of the Development Forum and the effort to bridge the gap between urban design/architecture and what makes economic/financial sense.

The briefing phase resulted in a number of purposefully written Requests for Proposals **(RFPs)** for catalytic infrastructure projects. As an example, two RFPs are discussed, such as the one for the reconstruction of Jetty/Strand Street. This RFP demonstrates the overarching model where RFPs serve as a bridge between design and economics, i.e. customer needs. The second RFP demonstrates the planning brief process in respect of redundant buildings.

10.10.1 Strand Street/Jetty Street

Jetty Street was a street that linked the CBD with the old port. With the construction of Settlers freeway, the port was separated and Jetty Street was converted into a platform with a bus terminus underneath, further contributing to the separation of the CBD and the port. Jetty Street is linked to the historic Market Square and the recently completed semi-pedestrianization of Govan Mbeki Avenue. The design of Jetty Street was not only aesthetically pleasing, but also functional. It contributed to the SSIF, making the CBD pedestrian friendly, taking into account that 80% of all people entering the CBD arrive daily by means of public transport. The reconstructed Jetty Street provides easy access for people to the taxi area and the railway station.

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The RFP for Jetty/Strand Street *(MBDA RFP Strand Street: August 2007:8-14)* included specific references that originated from the Development Forum using the SSIF as a basis. Important references included the following:

> "The NMBM identified a geographical area for which the MBDA has been made responsible. It is known as the Mandate Area and covers approximately 1039 hectares in the inner metropolitan area, comprising the old Port Elizabeth CBD, sections of the waterfront area of the existing harbour, North End and other central area suburbs.
>
> This area is, historically speaking, one of the more important sections of the metropolitan area and therefore important for conservation, tourism and consequently wealth generation.
>
> Furthermore, all transportation infrastructures concentrate on the central part of the Metropolitan Area, making it easily accessible to all communities.
>
> The entire image of the NMBM is contained in the central area; it is the *face* that Nelson Mandela Bay presents to the rest of the world and which therefore gives it its unique identity. The MBDA assumed the lead in the regeneration process. In the preparation of its Strategic Spatial Implementation Framework for the Mandate Area, the MBDA appointed a team of consultants. The resulting document is action orientated and socially and economically motivated and aims to produce market driven packages of projects that become the basis for private sector investment within the Mandate Area.
>
> The projects identified are not intended to be carried out in isolation, but are to be integrated and coordinated within a long term vision and Spatial Framework for the Mandate Area.
>
> The projects must also be catalysts to other projects, leading to other private sector initiatives and developments within the Inner City. The MBDA has completed both phases of an environmental upgrade of Govan Mbeki Avenue. This was the first infrastructural project to be implemented by the MBDA and is presently followed by the redevelopment of Parliament Street as an entertainment and leisure area and a transport interchange between Brister House and Russell Road".

Regarding the Scope of Work, the RFP made reference to the following:

> "Current perceptions of Strand Street are that it is a dark, dirty, dingy and hostile area that is not a safe environment in which to trade or visit. The area is very depressed and is in dire need of attention to complement the redevelopment work currently being implemented in Govan Mbeki Avenue, with a view to its becoming an anchor that will encourage greater use and redevelopment of the properties in the side streets between Govan Mbeki Avenue and Strand Street.
>
> The route is and needs to remain as an important throughway in the Central Business District of Nelson Mandela Bay. Yet it needs an upgrading exercise to turn it into a more pedestrian-friendly shopping and leisure area as well.
>
> Strand Street and its associated properties present a major environmental problem. Since the construction of the overhead freeway system and the use of Strand Street as a major public transport spine, the quality of the environment in Strand Street has deteriorated and property values and rentals have declined.
>
> One solution that was put forward as a long term answer to problems is the demolition of the freeways and the creation of an attractive environment in its place with the north-south link either realigned or placed underground. That is, however, not possible due to the exorbitant costs involved and many other logistical issues that would need to be resolved.
>
> A new public transport interchange is currently being designed and will be developed before 2010. It presents an opportunity to deal with Strand Street, as it links to the new transport

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interchange which means it forms an integral part of dealing with inner city circulation, as well public transport and movement patterns.

The following ideas need to be subjected to detailed investigation as part of this project and where possible, market research must be carried out to determine the feasibility and sustainability of proposals:

- Possible reduction in the level of service of Strand Street as a major traffic route to a local access road with two lanes and parking
- Widening of sidewalks and the upgrading of the pedestrian environment, including appropriate landscaping
- Improvements to the areas under the freeway as well as to the freeway structures themselves e.g. provision of more lighting, street art, painting works, provision for informal trading, etc.
- Integration of the properties on both sides of the Street into one user-friendly entity
- Possible recycling of properties fronting onto Strand Street
- Planning for the longer term relocation of the main railway station to a position seaward of the new transportation interchange being designed north of the Russell Road intersection with Govan Mbeki Avenue
- Investigation into the sale and redevelopment of certain Transnet properties to the north of the main railway station, accepting that the railway station will, in the longer term, be recycled as a transportation museum
- Introduction of mixed land use development along the length of Strand Street (retail, entertainment, residential and offices)
- Creation of a superior shopping and leisure precinct to complement the upgraded Govan Mbeki Avenue, resulting in further improved property values
- Integrating the historic Campanile and its adjacent environment into the Strand Street proposals including a possible “grand stairway” up onto Vuyisile Mini (Market) Square at Jetty Street
- Maximizing parking
- Accommodating the NMBM’s coastal cycle way through the project area so that the southern beachfront can be linked via an effective cycle way to the central and northern beachfronts as well as up the Baakens River Valley into Settlers’ Park” *(MBDA:RFP: Strand Street:15-17).*

And…

“The scope of work to be undertaken therefore includes, *inter alia*,

- Carrying out in depth analysis of existing underground services, their precise location and condition, including written correspondence from the Infrastructure and Engineering Directorate as to whether there is a need to replace or refurbish any of it
- Using the findings of a traffic study for rationalizing all forms of vehicular and pedestrian traffic and movement in and through the area with a strong emphasis on making the area a pedestrian dominated area
- Ensuring that an overall public transportation system is designed and accommodated in Strand Street itself, in a manner that allows flexibility in

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designing the appropriate operational package for the area and areas that will be served from the CBD

- Introducing appropriate traffic calming measures to ensure a safer pedestrian environment
- Developing and effectively accommodating public transportation needs in conjunction with work being done in developing the transport interchange and in redeveloping Govan Mbeki Avenue and its associated side streets
- Investigating the extent to which buildings can be recycled or should be recycled in order to maximize public use of the area
- Introducing new paving to pedestrian and vehicular areas
- Landscaping and planting, including treatment of the freeway structures themselves without it resulting in a major ongoing maintenance burden
- Integration of sidewalks with vehicular traffic areas by minimizing the differences between the two
- Introduction of more lighting into the area, either through the relocation of existing lighting and/or the introduction of new lighting of different types
- Installation of street furniture
- Use of bollards or some other measures to effectively keep vehicles out of pedestrian areas
- Development/upgrading of public toilets
- Storm water management
- Introduction of an effective and themed signage system and other environmental improvements
- Upgrading the manner in which informal trading is conducted so that it becomes an asset to the area, possibly creating a dedicated street market that will enable the Agency to prohibit street trading outside the identified market area
- Ensuring that deliveries to businesses can be done efficiently and as easily as possible. The design solutions must understand and accommodate any need for loading and off loading with the rationalization of parking needs so as to make this area a pedestrian dominated area
- Accommodating a cycle way through the Study Area and linking it to existing work being done on cycle ways along the coast and up the Baakens River Valley
- Drafting of sketch/concept drawings and having them cleared through the Mandela Bay Development Agency and all relevant directorates of the Municipality
- Preparation of working drawings
- Preparation of tender documentation, advertising and evaluating tenders
- Overseeing construction of the project by the successful contractor
- Public involvement and involvement of all relevant stakeholders" *(MBDA: Strand Street RFP: 19-20).*

Figure 33 shows the outcome of the design process, from what the street looked like, to design and the completed product. Construction commenced in August 2009 and was completed in June 2011.

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Figure 33: Strand Street/Jetty Street: The recreation of a street contributing to functionality



10.10.2 The Tramways Building

One of the cornerstones of the SSIF was the re-utilization of redundant buildings. Many NMBM and parastatal buildings in Port Elizabeth have fallen into disrepair and became a haven for vagrants – further contributing to urban decay.

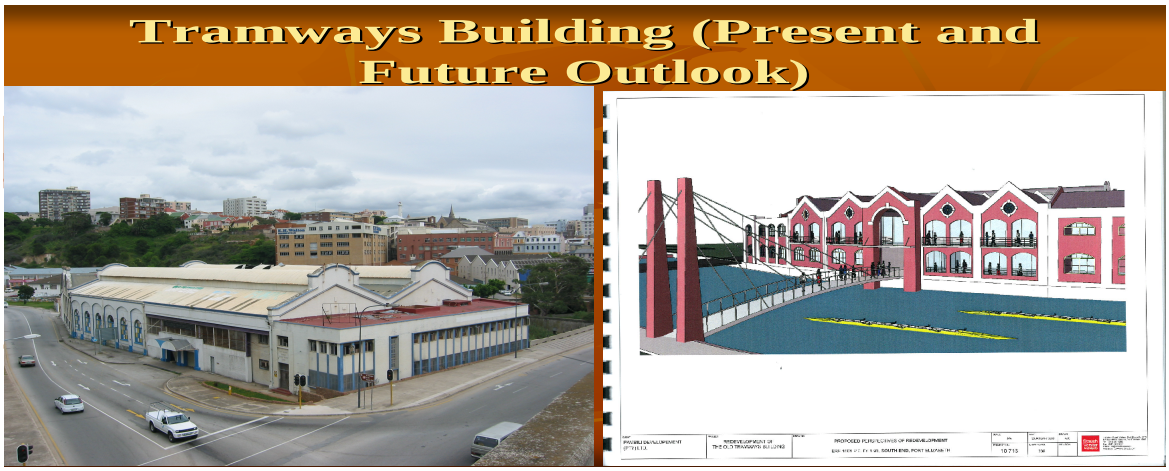
A number of these buildings have been handed over to the MBDA for redevelopment, ensuring that such redevelopment contributes to the overall SSIF. One such building is the old Tramways Building in the Baakens Valley.

As with other projects, a Development Forum was established for the development of the Tramways Building. The Forum used a development plan for the Baakens Valley as a point of initiation.

The building is presently being developed for workplace/office purposes. Construction has already attracted interest in the conversion of industrial buildings into buildings that will accommodate residential, office, retail and tourism/leisure/entertainment. A building in close proximity, previously a completely redundant warehouse, has been independently redeveloped into an office facility, including a restaurant and small brewery.

Figure 34 demonstrates the old and redeveloped building.

Figure 34: The old and new Tramways Building



Source: MBDA

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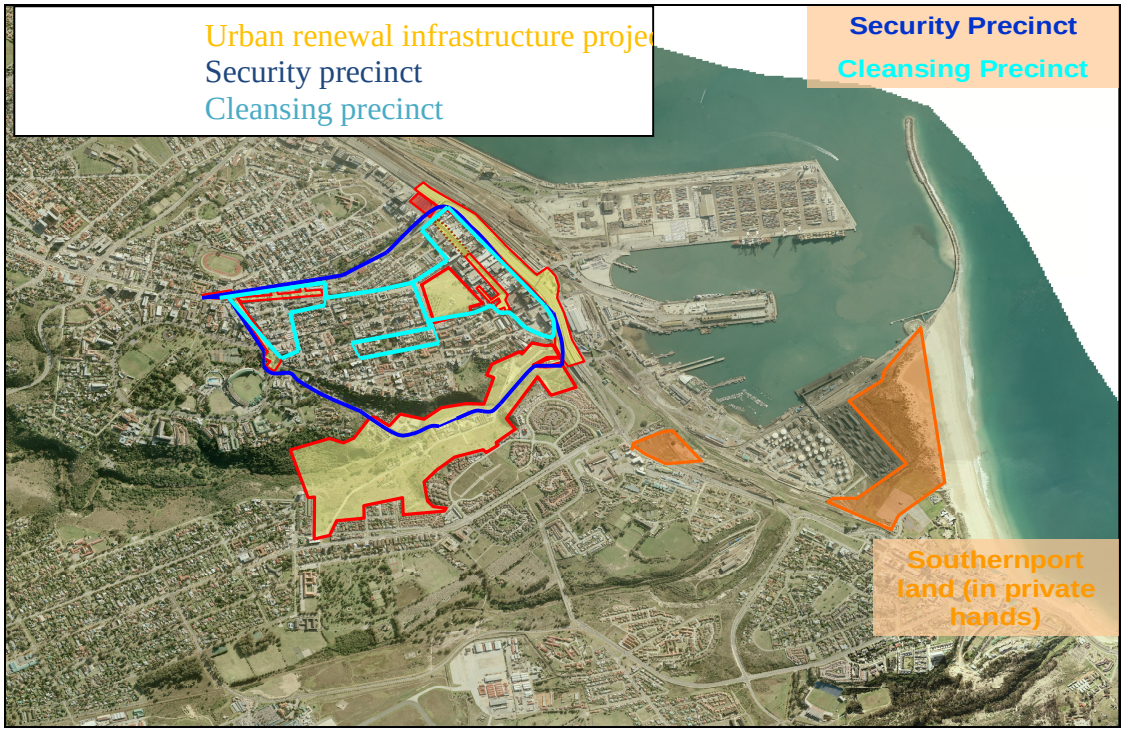
The aim of development briefs is to create a *Friendly City*, although each brief has a different context. The Strand Street development was focused on pedestrianization and access of people to public transport and taxis extending to the periphery of Nelson Mandela Bay. The Tramways Building has a very strong heritage content, which was combined with a completely new utilization purpose.

In this regard, it is important to mention that the original SSIF and the second five-year Strategic Plan were an effort to complete the researched SSIF through the implementation and construction of catalytic infrastructure projects. The picture began forming an overall vision through fitting together the pieces of the puzzle. It became important to encapsulate the Strategic Plan in one picture to depict to stakeholders what the future of Nelson Mandela Bay would look like.

Figure 35 illustrates this overall picture. The construction of Strand/Jetty Street and the redevelopment of the Tramways Building was a serious effort in the completion of this picture. It is the result of a process of bringing a Master Plan together through the creation of a well-established connection between design and customer needs. The mechanism in the creation of this link is the MBDA. Overall the picture forms a strong analogy with the building of a puzzle, where the creation of one project does not show much economic sense, but as part of a collective whole, it plays a significant role. Urban renewal may, in the context of this analogy, be described as the incremental completion of a puzzle that creates a collective whole that reinforces the eventual economic impact.

Figure 35: The Urban Renewal "Puzzle"



The backdrop/foundation of the briefing documents clearly stated that the aim of the expansion and the reconstruction of different places was to create a *Friendly City* – a city with a fruitful mix of work places, housing, trade, research, culture and education. The plans included strong heritage content, with older, culturally significant buildings which had been remodeled and renovated, playing an important part in the overall plan. The role of the MBDA and its catalytic infrastructure projects was to serve as an overall catalyst in the planning process and the process of concept to completion.

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It has so far been evident that the urban renewal efforts of the MBDA have caused an effect, collective of the aims of the overall approach of the NMBM. From an economic impact point of view, the entire city "revival through construction process" has become not only a Mandate Area focus, but a wider city focus *(Interview with Zanaxolo Wayile, Executive Mayor of the NMBM, 23 July 2011)*. The guiding principles were based on the ambition that the transformation of the city would occur with the least possible strain on national resources; for example the selection of modern elements of energy and consumption. "Everything we take from nature must be something we can use for a long time, re-use, recycle or dispose of, with the least possible of resources and without harming the environment". *(NMBM Infrastructure and Engineering – Call for Renewable Energy Proposals – 2009:20)*

An important element in the urban briefs was to create a distinct structure within the area with the CBD and Central as key orientation places. The Donkin Reserve was suggested as a safe public place, renovated and reconstructed for relaxing and cultural activities. The pedestrianization of Govan Mbeki Avenue is expected to lead to entertainment areas such as in Parliament Street with easy access for pedestrians from outer areas. Thus far, indications have shown that private investors will respond to the catalytic infrastructure projects of the MBDA, *inter alia* a hotel development in Parliament Street and the complete renovation of the Edward Hotel, which is on the doorstep of the reconstructed Donkin Reserve. The extra residential touch will make the place more pleasant and ensure improved municipal services. Public sector investment was followed by private sector investment responding to market needs.

For transportation, a number of responses were implemented by the municipality; *inter alia* the BRT system that complemented the construction of the new 2010 World Cup Stadium in Nelson Mandela Bay. The establishment of a BRT, although a condition of FIFA during the 2010 Soccer World Cup, did not form part of the urban renewal efforts of the MBDA. Until then, public transport was only served by means of a limited bus and train service. The first stage of the implementation of the BRT was to link the city centre with the outlying areas, which was to a large extent, servicing the retail area in the CBD and Central.

10.11 The role of urban renewal tax incentives

To support the local government's interventionist public infrastructure investment, the national government announced an UDZ (Urban Development Zone tax incentive) in 2005 to support urban renewal initiatives. The UDZ is a tax incentive scheme for the further enhancement of the private sector's investment response to the public sector infrastructure initiative. In short, the tax incentives offer property developers and owners accelerated depreciation allowances.

The UDZ falls within the heart of the MBDA's Mandate Area. It is an area of 250 hectares and was promulgated in June 2005 as part of the national tax legislation. The UDZ takes the form of an accumulated depreciation allowance on improvements to existing or newly erected buildings, i.e. its priority is to add value.

Parties eligible for benefit are, any taxpayer/owner of a building, the user of a building, the lessee of a building, as long as the building improved/erected is for the purposes of trade.

The UDZ (as outlined in *Section (3) of the South African Revenue Amendment Act: 2002) inter alia* makes provision for the following:

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- Deductions are allowed from the taxpayer's taxable income in respect of cost of erection, addition or improvement if the building is used for the purposes of trade
- In the case of improvements, a depreciation allowance of 20% per annum over five years is deducted from the taxpayer's taxable income
- Where a new building is erected, a 20% allowance is deducted in year one, and thereafter 5% per annum is deducted over the sixteen years that follow.

A developer or speculator that develops a building to sell off units under sectional title cannot transfer the UDZ advantage to the new buyer; the scheme is only beneficial to a developer who will let the units.

Commercial, residential and industrial buildings are eligible, provided that the buildings are used for the purposes of trade. The scheme is user-friendly as it supports the concept of trade. Trade means commercial, industrial and even rental of residential buildings or apartments.

The UDZ had a significant impact on urban renewal. Although national government forfeits tax income in the short term, it gains in the long term with a broader tax base, through an increased level of development *(Mitchell: 2004:3).*

10.12 Other similar "interventionist" examples in South Africa

Research and interviews in the South African planning context reveal very limited knowledge surrounding the conceptual approach followed by the MBDA. The cooperation between industry, society and universities is not that well known and developed in South Africa.

Dewar and Todeschini (1999:12) refer to "integration as opposed to fragmentation". They mention that planning in a South African context often seems fragmented. Development tends to occur on discrete parcels of land, separated from other parcels and linked only by specialist movement channels in the interstitial spaces.

Dewar and Todeschini (1999:13) refer to a, "point related approach to urban management…" and how, "…it totally misunderstands the power of line in urban systems". Urban energy is expressed largely in terms of flows – of people, goods and investment – and this energy determines the distribution of the most intensive activities, such as those of economic enterprises, commercial facilities, social and cultural facilities. It is for this reason that historically in urban systems, the distribution of economic and other more intensive activities tends to be linear. Significantly, the potential expressed in this energy is not realized through the process of its flow. This potential can only be realized when more intensive activities are able to respond to the generated energy and when the flow is broken – when stopping and gathering occurs. This fact determines that patterns of accessibility and thus energy and economic potential along any line, are not constant; and that peaks and nodes of activity tend to occur along movement corridors.

A good example of the synergy between society, industry and university, is the *Headstart* development in Woodstock / District Six in the early 1990s.

Place-making and the cooperation between industry, university and society began to realize true meaning in the *Headstart* development, forthcoming to be discussed. *Dewar and Todeschini (1999:20)* say place-making refers to, "a conscious concern in the management of human actions on the landscape, to create a sense of place". The concept of place in turn, lies at the heart of issues of environmental ability in both urban and rural contexts. The creation of urban environments that reflect a sense of place, therefore, should be a central priority of all professions concerned with the

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built environment. One dimension of creating a sense of place requires embracing and consciously seeking to promote uniqueness as opposed to standardization. This approach has two dimensions: the man-made environment and the natural environment (*Dewar and Todeschin: 1999:21).*

The Headstart project

In 1987, British Petroleum South Africa, in the face of the slow, but steady encroachment of piecemeal development on the site of District Six in Cape Town, publicly offered to facilitate a non-profit making PPP's redeveloping of the area and to revitalize the proximate inner areas of Woodstock and Salt River, where urban decay was already evident. The offer was conditional on the area being racially open, in a form which would not detrimentally affect it or other areas in the city.

Specifically, the primary objectives behind the offer were threefold: firstly, to contribute towards the removal of the *Group Areas Act* (Act 41 of 1950) by demonstrating the possibilities contained in an open city; secondly, to promote the philosophy of restructuring the South African city, with a view to capturing the qualities of a city, as opposed to simply building housing areas (so often the dominant model of urban development); and thirdly, to develop the site in a form which maximized its potential – as a vibrant, high-density, mixed – use area, accommodating a range of income groups, with particular emphasis being given to housing poorer people. The issue of process too, was considered to be vital - the intention being to stimulate a complex process of redevelopment involving a wide range of agents. Particularly important in this was, the creation of opportunities for individuals, community groups and small builders and developers *(Dewar and Uytenbogaardt: 1990:41).*

Eighteen major companies backed the offer in 1988 and the *Headstart Foundation*, a Section 21 company (a company not for gain) was established to carry out the project. A technical team, headed by David Dewar and Roelof Uytenbogaardt (both academics at the University of Cape Town) reported to a Board of Directors. Close liaison was maintained with the Cape Town City Council.

There were three inter-related issues, central to the redevelopment of District Six. The first was retaining and consolidating the largest possible parcels of vacant land. Despite appearances, a history existed of gradual removal of land parcels from the state to private ownership - a process that had been accelerating at the point of *Headstart*'s initiation.

Considerable effort had gone into attempting to gain, through negotiation, some control over the supply of land. It was a difficult process, for much land activity had taken the form of suspended sales and the pattern of ownership was not easy to recover.

The second issue relates to the expansion of the Cape Technikon, an expansion which was based on former District Six land. An integrated form of redevelopment was impossible if the Technikon continued to develop according to the dictates of the Technikon Development Plan. Alternatives were prepared and agreements were reached.

The third issue was to ensure that the area was racially open. Representations to the state at the time were made in this regard *(Dewar and Uytenbogaardt: 1990:44).*

Intensive surveys and analyses were undertaken in order to understand the nature of the challenges to revitalization in the aforementioned areas. The most serious difficulties resulted from the fact that there were two contradictory dynamics in the operation. On the one hand there was the dynamic of

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blight, fueled by large-scale absentee landlordism (60-70% of the residents were tenants). The environment was also degraded, creating the perception of being dangerous, in turn resulting in the displacement of people. On the other hand, there was the dynamic of identification – the influx of new, somewhat higher income owners attracted by the good location and the inherent environmental quality of the area. This led to the displacement of tenants. The danger was that any crude attempt at environmental improvement would simply accelerate involuntary displacement. Ironically, even a change in external conditions – such as the creation of a free settlement area – would accelerate displacement unless steps were taken to counteract the process.

In consideration of the dynamics at play, the project team identified a number of objectives, *inter alia* combating displacement by increased security of tenure; increasing densities selectively, in order to generate higher levels of social and commercial services; to enable people to benefit from the convenience of the inner city; and to improve environmental quality and to create maximum opportunities for income generation – particularly for small businesses. From these objectives, possible renovations were identified on physical, legal and financial fronts.

The project was based on a commitment to maximize possible participation. Three features characterized the approach adopted towards participation. Firstly, it was strongly informed by the principle of *locus standi,* i.e. the belief that people most affected by decisions should control those decisions. To this end, no attempt was made to develop an overall plan for the area as a whole; rather, it was disaggregated into a series of local projects areas, each reflecting a particular set of problems and opportunities. The people living within these precincts formed the principle target group of each particular process.

Secondly, it was decided not to ask people what they wanted, but rather to explore problems and possibilities before the participation process began. The process therefore was not simply reactionary, but sought to extend people's sense of what was possible, in order to evoke a wider range of choices and a fuller debate. The idea was that people's reactions to these initial statements and their expansion of and modifications to them would fuel successive rounds of work.

Thirdly, the entire process was predicated in choice. The principle target of the revitalization process was the individual resident. Families could decide whether they wished to avail themselves of the possibilities offered or not; there was no compulsion to participate *(Dewar and Uytenbogaardt: 1990:46).*

Saldanha Steel, West Coast, South Africa

An example of a project in South Africa that showed a high degree of fragmentation between community and industry is the Saldanha Steel project – a project that changed the face of the area for ever. Whereas the Headstart project was a good example of a bottom-up approach, the Saldanha project is a good example of a top-down approach *(Bek, Binns and Nel: 2004:29).*

The proposal for a steel plant located at Saldanha was contemplated for two decades. The project finally received ratification in the mid-nineties as a joint venture between the IDC and Iscor. The *Saldanha Steel* project is a classic top-down initiative designed to generate socio-economic development through trickle-down relationships with the broader economy. The decision to proceed with the project was perceived by many observers, as a politically based one. On the one end of the scale there was a desire to demonstrate that South Africa could produce a world-class industrial complex. On the other end of the scale, mega projects lend themselves to presentation to the electorate as a symbol of strong government commitment to job creation.

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The socio-economic outcomes associated with Saldanha Steel have been subject to critical debate, which is indicative of the contestations through the government's Spatial Development Initiative **(SDI)** programme. The Saldanha story encapsulates the very essence of debate concerning the validity of mega-projects and engines of growth and development in developing economies. The project was never in touch with the community, although the case could be made that it created 600 full time jobs and 20 000 more downstream jobs through outsourcing and other multipliers *(Bek, Binns and Nel: 2004:29).*

10.13 Concluding remarks on the MBDA urban renewal cluster

In all, the case study of the planning and implementation process of the MBDA cluster confirms that a very confident and rapid process, based upon an intimate cooperation between planning parties and agents, is a viable option through the facilitation of a company such as the MBDA. In the early stages, many of the involved actors believed the city's processing time was too long. This concern however was dismissed through the results achieved by the MBDA.

Saki Macozoma (Interview: May 2009) confirmed in an interview in 2009 that the MBDA had a very trusting and co-operative relationship with the city throughout its concept to completion process. The conversion of the SSIF into a legal LSDF by the city is a further sign of the city's validation of the MBDA's work and appreciation of its effort to see urban renewal spread further than the limits of the CBD and Central.

By 2011 the hype from the efforts since 2004 was evident as the international recession became something of the past. Nelson Mandela Bay began to demonstrate signs of improving from its low-based development and previously disadvantaged position (compared to other South African primary and secondary cities) and has begun to realize its full potential.

The common target for the MBDA and city is that a show of vast public investment is an opportunity to create a tract for further development through private sector investment. The MBDA gained external advantage by having an approach with a special societal perspective on public sector investment. The City gained extensive development power, using the MBDA as a battering ram and catalyst. Together, Macozoma believes, business and government are responsible for Nelson Mandela Bay's survival in the competitive global economy. Macozoma believes that, to become good enough is to become better at something. Through co-operation, the MBDA bridged the gap between urban design and that which makes economic sense; using a process, the example of which is now increasingly followed by other cities and towns.

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CHAPTER ELEVEN

THE MANDELA BAY DEVELOPMENT AGENCY – PLANNING TOWARDS A WATERFRONT



The Big Flag on the Donkin Reserve with the Nelson Mandela Bay Stadium (built for the 2010 FIFA World Cup) in the background

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11.1 Introduction

Previous chapters discussed the upgrading of the derelict Port Elizabeth CBD and made mention of the planning for a future waterfront (which is envisaged to be the redevelopment of the southern part of the port). This is to be undertaken following the relocation of the oil tank farm and the manganese ore facility, and is planned to further reinforce the residential, office, retail and tourism/leisure/entertainment cluster. This chapter addresses the planning aspects, related to a waterfront, and how they relate to an upgraded CBD. It includes an assessment of international waterfront development experiences.

11.2 The MBDA agenda in the discourses of urban renewal

This section discusses the urban renewal redevelopment agenda of the MBDA within a framework of comparative situations in the international arena. A new global discourse based on urban renewal practice grew from the late 1960s through to the early 1970s. The agenda thereof addresses problems with vast urban *brownfields*, which are the result of the restructuring of the world economy in general, logistical changes in industrial development (from a port perspective) and a change in the shipping industry where sections of old ports adjacent to cities became redundant.

Port Elizabeth is a case in point where the old port is on the doorstep of the city. Attempts to revive these centrally located areas originated in an urban planning agenda and in efforts to create PPPs between cities and parastatals who are generally the owners of port land. This chapter discusses international experiences from the last 20-30 years in situations comparable to Nelson Mandela Bay and with the work of the MBDA.

These practices, in relation to economic and social agendas as driving forces for urban renewal, which is a top priority of the MBDA, will be addressed. In addition, this chapter analyses whether this approach requires new fields of knowledge.

11.3 International experiences

The MBDA's approach is one amongst many examples of the global restructuring of cities and redundant ports with a dramatic influence on the waterfront developments of major harbour cities. By comparison with other models, these processes reached Nelson Mandela Bay (Port Elizabeth) rather late and their full impact was only realized from 2006 onwards. Following the international recession, there occurred a period during which so-called waterfront developments were under scrutiny. This was particularly because those waterfronts occupied the high end of market destinations - from a retail, residential, office and tourism/leisure/entertainment point of view - and were only affordable to wealthier citizens and tourists. Consequentially, the restructuring in the world's financial and real estate sectors, forced more middle-class developments in the re-utilization of port land for non-industrial purposes.

The city of Baltimore is a good example of this kind of development; where the city was restructured together with the port soon after World War 1. The restructuring of cities and ports in conjunction with one another positively affected a city such as Baltimore, located in the "rustbelt" of the United States. Later, Boston and San

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Francisco became famous models of the same restructuring forces. From the 1970s, other such cities became large revitalization projects; London's Canary Walk (as part of the vast London Docklands project), New York's Battery Park, Vancouver's Granville Island, and Sydney's Darling Harbour are other examples of combined port and CBD restructuring as a result of similar forces.

Closer to home, South Africa also exhibits an excellent example of waterfront and harbour renewal in close range of CBD upgrading. The Victoria and Alfred Waterfront in Cape Town has become one of the most successful waterfront developments in the world. It had unique circumstances though in that international sanctions had left the harbour mainly unused towards the mid 1980s, and the Cape Town City Council decided that this derelict brownfield area had to be put to another use.

The idea of a waterfront emerged in the mid eighties during a very difficult period in South Africa's history; this was during the dying days of apartheid and was therefore an effort to give economic development in Cape Town a boost. On 7 September 1988, the Victoria and Alfred Waterfront (Pty) Ltd was incorporated as a subsidiary of Transnet - South Africa's national transport corporation. Its asset was to be a long lease of 123 hectares of old harbour installations in Cape Town with a mandate "that the historic docklands around the Victoria and Alfred basins be redeveloped as a mix-use area focusing on tourism and residential development, with a continued operation of a working harbour" *(Birkby: 1998:1).*

In 1988, South Africa was in recession and under the rule of its last white minority government. The prospects for this small company, the Victoria and Alfred Waterfront, were uncertain. Its sole shareholder was financially underwritten by the state. An American-style waterfront precedence was encouraging, but nothing like this had ever been attempted in South Africa. Urban conservation, a key element in the plan, was regarded with skeptism in many quarters as over-idealistic and costly. Within the harbour there was resistance to redevelopment from many who operated there - such as the industrial fishing companies. The municipality, as an economic revival tool, was keen on non-port related development on the basis that no agreement on this development had previously existed until 1988. As the Port Manager of the day said in 1988, "…the financial markets would not go near it." *(Birkby: 1998:2)*

The success factors in the redevelopment of this brownfield area were firstly that the working harbour had been retained as an absolute priority; and secondly it was decided that the waterfront would not become an amusement park. Development was concentrated alongside it in one area and expanded steadily outwards, rather than being dispersed. The waterfront's development also observed lessons from cities abroad, avoiding *recipes* implemented elsewhere in the world for development, recognizing that cities are unique and need to tend to their own costing needs *(Birkby:1998:6).*The tenant and business mix of the waterfront has been painstakingly researched. Along with that there is a comprehensive, all year round entertainment and promotions program.

The approach towards the waterfront development in Cape Town was also driven by a shortage of land. An extension of the city towards the waterfront to be utilized for mixed-use development seemed the logical way to go. The development was

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commenced on a *package of plans* basis, meaning that it was steadily implemented over a period of time to respond to customer needs. The package of plans process is a hierarchal cascade of plans, operating right from broad council policy down to the building plans. Modified versions of the approach are steadily being used on a number of other projects throughout South Africa *(Birkby: 1998:210).*

Waterfront regeneration has become a field of knowledge in itself, developing large scale inner urban renewal connected with former port areas (*Hoyle, Pinder, and Husain:1998; Marshall:2001*).

Good ports were once the basis for urban prosperity because of their direct access to navigable waterways. This access forms a major commercial advantage via contacts and trades with foreign countries. Not all port cities, however, became successful. Prosperity is related to a combination of a city's development of natural harbours and the harbour's influence over the regional economy. The separation between the port and the city is rooted in this double nature. Ports largely respond to the national and global context, whereas cities mainly depend on their local and regional roles (*Hoyle:1998:6).*

Urban land-use and the city's functions are often divided from port functions by interface zones, formerly constituting port related industries. The development of the container industry (worldwide and in Port Elizabeth) resulted in a retreat from the waterfront that left large areas of deteriorating, vacant land, and resulting conflicting interests.

The development dynamics of this port/city interfacing thereby require an understanding of the broader trends that set local changes. Changing the economy of waterfront space involves the establishment of new relationships between peripheral areas and a set of declining activities and a central area with expanding economic forces. (*Desfor, Goldrick and Merrens:1988:110*).

Traditional port based industries that no longer depend on break-bulk functions migrate to other urban zones, adjacent to road transport rather than to the harbour. The construction of the Port of Ngqura, 40 kilometres north of Port Elizabeth is a case in point. The Port of Ngqura also includes the large IDZ.

Extensive land and cheap labour are now found in these locations in the urban fringe. A city's economic success, as it shifts from an industrial to a service economy, depends on the quality of the urban environment. This process, the restructuring of waterfronts, plays a critical role *(Hoyle:1998:5).* Today, those industries that need intensive use of qualified labour seek optimal locations in the city centre *(Hoyle:1998:9-13).*

Hoyle makes the case that waterfront development has become "the flavour of the decade", yet there is a growing realization that specific locations require specific solutions. Waterfront changes reflect the changes in the city, and the timing of these changes and innovations must be set within the urban context *(Hoyle:1998:16).* The market-driven redevelopment of the waterfront is mediated by particularities in the local political system; the detailed form and timing is governed by pragmatic contingencies *(Desfor, Goldrick and Merrens:1998:32).*

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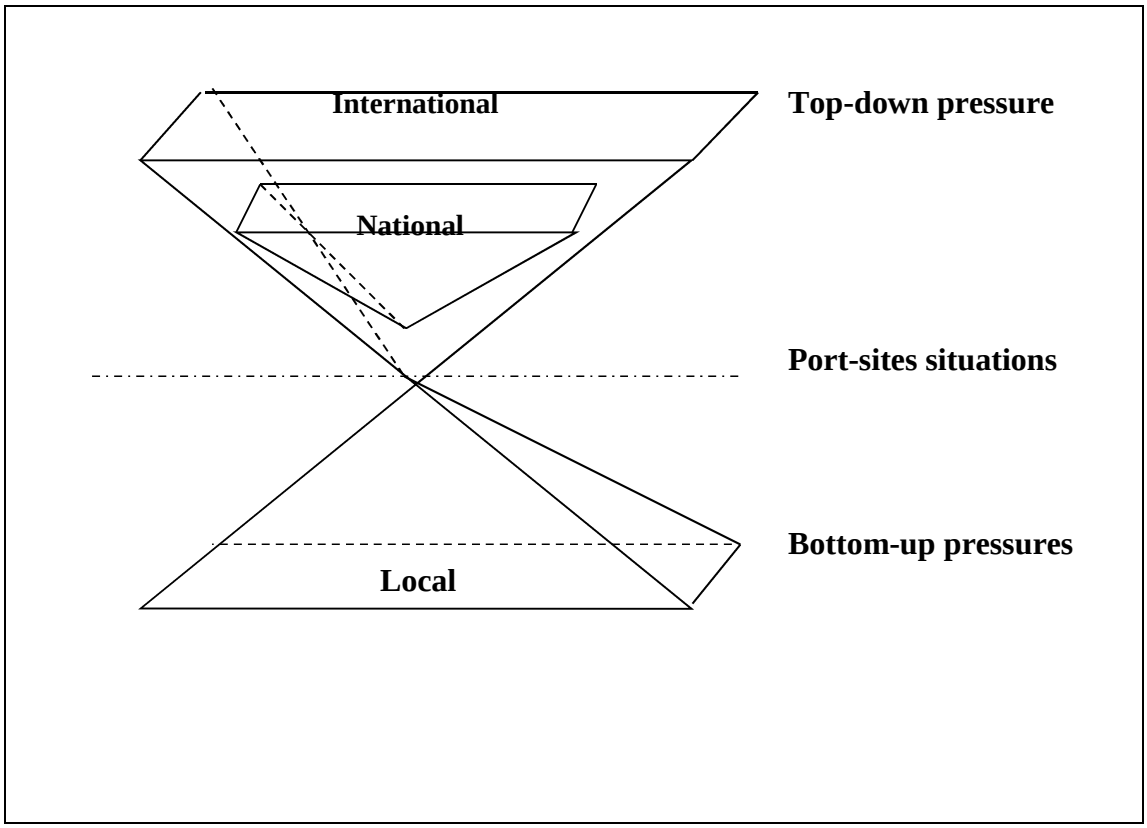
Riley and Shurmer-Smith (1988:20) refer to the global influence in port cities as *top-down* forces on urban development. Refer to ***Figure 36*** in this regard.

Figure 36: A framework for the analysis of waterfront re-development *(adapted from Riley and Shurmer-Smith: 1988:46)*



A city, or even a country, is challenged by global forces of which it is not in charge. Tools to meet these trends are normally based in local and *bottom-up* perspectives, perspectives that are possible to manipulate by a city or a nation. Such local regeneration agendas are most often constructed as a corporate relationship between local authorities and private sector firms *(Hoyle:1998:45).* These forums consider the intricate relationship, *top-down* global forces and local action. The port site becomes the exchange point between local initiatives and global factors of local economic development. These conditions market the strategic role of vast port city areas *(Hoyle:1998:47-49).*

In the United States of America, a general movement towards favouring inner city areas emerged during the 1970s. *Turnbridge (1988)* discusses the new possibilities to re-use centrally located waterfront areas related to the general improvement of the general atmosphere and the environment. Smoke stack industries were replaced by an urban economy. International concern for the national environment prompted a substantial cleanup of waterways. This general inclination resulted in favourable residential property prices in the city, an increased awareness of heritage and quality of life, and an increased urban tourism. On top of this, the energy crisis changed the perception of household logistics and frames of inner city locations. Places that were

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formally characterized by industrial transport and land-use, primarily came to accommodate service industries and residences *(Hoyle:1998:68).*

Canada, the United States and Australia focused on such residential, service or tourist orientated attention to revitalize cities. In Europe, social goals have been given a substantially higher profile in order to avoid demand led planning of the Trans Atlantic model *(Pinder and Rosin:1998:120). Demand led planning* means that private investors finance urban renewal, facilitated by governmental planning, providing a framework for change.

The Dutch have a long tradition of linking physical planning and social welfare as shown in the Rotterdam Waterfront, where implementation strategies reflect social goals. On the other hand, Rotterdam also represents very strong demand led planning. According to *Pinder and Rosing*, *Rotterdam* has come close to achieving the better of the two worlds *(Pinder and Rosin:1998:115).*

Clarke (1998) discusses public sector prime investments in derelict waterfront development areas in order to attract private investment. This is often linked with investments in museums, and art and media studios in recreational and tourist complexes, which has lead to maritime village developments. In the 1980s, however, local authorities found it increasingly difficult to finance this kind of plan. Commercial liability, therefore, has replaced the needs of the public sector as the main source for development initiatives. Most proposals tend to have pragmatic commercial motivation, and relatively few initiatives come from local authorities or other non-profit organizations.

"A good project is one that works", Clarke says *(1998:2-4).* Similarly, *Law (1998)* discusses the classification of revitalization strategies, based on whether the strategies are market or socially driven. In the United States, the demand led approach is shown to be viable. Viability is often used to determine the *pump-priming* of investments where the society funds essential, basic investment up to a level where private investors are prepared to stand risk. The ideology of viable pump-priming is that the increase in government expenditure triggers (primes the way for) private spending. PPPs therefore, dominate these projects. Few proposals address the needs of the local community. Social tasks are expressed in terms of bringing derelict land back into use in terms of strengthening the local economy. Projects in both the Unites States and Europe reflect this development ideology *(Clarke:1998:165).*

Bristow (1998) examines Hong Kong's urban renewal in terms of its overt support in market forces. In this case, the role of the government is that of a facilitator. Professional planners act to achieve expansion and to develop new infrastructure in order to facilitate business, port and airport growth. The government maintains security and stability for long term enhancement of capital production and wealth accumulation in their territories. Success breeds success when public and private interests work together, *Bristow* argues.

Linking urban renewal and real estate development has its risks, as *Tweedale (1998)* points out. *Tweedale* discusses the tendency to shift from the "primary circuit" of capital, of which questions of industrial growth are paramount, to the "secondary circuit", where investments in the built environment become dominant. This change

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between different circuits is encouraged by a number of conditions that arise periodically. When conditions in the industry are characterized by over production, falling rates of industrial profits, money-lacking investment opportunities and a surplus of labour - a tendency of "over accumulation" arises. - Too much capital is produced, relative to the available opportunities to employ it. The Docklands redevelopment is, as *Tweedale* pointed out, one such form of lucrative investment in the secondary circuit. This kind of investment, however, risks the urbanity of the areas, resulting in moulded and often isolated real estate exploitation projects.

Even in redevelopment, it is vital that capital responds to user needs rather than to financial market needs *(Tweedale:1998:74).* Great risks emanate from situations where the planning attempts, backed by public subsidy, only address the physical half of the problem and ignore the social process. Although planning attempts result in capital being made available for investment in the built environment, planning attempts also allow for speculation, leading to prices unrelated to the real value of buildings. The property market thus becomes vulnerable to fluctuations in the financial markets. *Tweedale* concludes that these problems originate in the fundamental misunderstanding of the urban development problem: He believes that urban renewal is a social process problem, not a spatial problem *(Tweedale:1998:197).*

At some internationally monitored locations, planning has lead to isolated new enclaves in the urban landscapes due to a failure to integrate the project into the fabric of the city. *Marshall (2001:30)* recognizes *Darling Harbour* in Sydney as an example of this. The problems were related with a need to develop the area for the bicentennial in 1998. The scheme was guided by a specific development corporation, the Darling Harbour Authority that aimed at fast tracking the development. The authority was exempted from development control legislation, involving numerous state and local government agencies. *Marshall (2001: 32)* concludes that the underlying conception of a bounded campus development and its administrative isolation from the city resulted in an *inward looking* development, and the relative isolation of the area from the city *(Marshall:2001:31).*

Based on studies of cases in the United States, Australia and Europe, *Marshall* concludes that "the city is becoming less a result of design and more the expression of economic and social forces" *(Marshall:2001:3).* While the creation of redundant space is primarily the consequence of top down technological and industrial forces, revitalization is largely a matter of the inter play between local actors and between these and external forces.

Pinder, Hoyle and Husain (1998:255) conclude that although local authorities looking for solutions to problems of dereliction have often been instrumental in redevelopment of redundant areas, they have also been neglectful of the needs for social processes. As a result, waterfront developments result in aesthetically pleasing stereotype homes for marinas, cafés, housing, etc. instead of lively places for urban prosperity.

The cases described show that large urban redevelopment schemes need to be firmly anchored in intangible social and economic needs. Activation of these needs and linking them to investments in the purely economic driven property market

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(*Tweedale's* "primary circuit") is based on processes of participation that are more advanced than those achieved by normal PPPs.

In 1985 the *Victoria and Alfred Waterfront* in Cape Town had entirely different circumstances compared to the present port of Port Elizabeth, which is an economically active port. The City Council recognized the port area as a problem in 1985 due to its non-utilization against the backdrop of international sanctions. It offered the opportunity to develop the port for leisure purposes and a Master Plan was developed for this purpose. It was a long term Master Plan that included a *package of plans* to be developed over time. The non-industrial development commenced with leisure/tourism/entertainment type developments, but rapidly culminated into office and residential developments. The success of the Victoria and Alfred Waterfront was in its "village like / working port development plan" *(Interview with Derrick van der Merwe, former Chief Executive Officer until 2007 - of the Victoria and Alfred Waterfront Company: 7 June 2009).*

It was the separate development of the area from the CBD that gave the *Victoria and Alfred Waterfront* development an increasingly island/isolation like image. A stretch of derelict land lay between the waterfront and the CBD and it was only with the later construction of the Cape Town International Convention Centre that a link between the waterfront and the CBD was established through the development of the Roggebaai Canal. The incorporation of upmarket residential apartments gave the waterfront a stronger image as a high end of the market destination - which was not what the City Council had in mind, i.e. a development that would cater for the broad-based society *(Interview with Piet van Zyl, former Head of Planning, Victoria & Alfred Waterfront Company, then Head of Planning: Cape Town City Council and presently working in the planning division of the Abu Dhabi Tourism Investment Company).*

The development of the Victoria and Alfred Waterfront was an excellent example of a PPP between the private sector and Transnet, a national parastatal. The relationship came to an end in 2007 when the entire beneficiated Victoria and Alfred Waterfront was later sold in 2006 to Dubai World. This was a controversial decision, as the normal policy is not sell state land, but to find appropriate models to lease such land for development. The argument of Transnet was that it needed to improve its balance sheet and that property development was not Transnet's core business.

With the demise of Dubai World, the property was again sold in February 2011 to a South African consortium, Growthpoint. It is unlikely that Growthpoint will further reinforce the high end of the market status of the waterfront, which may be otherwise increasingly perceived as an "island" that does not address the social needs of the City and its people *(Interview with Dave Dewar, Professor, Department of Regional and Urban Planning, University of Cape Town).*

11.4 Urban renewal and a future waterfront in Port Elizabeth

The history of Port Elizabeth illustrates the paramount role of the port better than that of any other South African city. Possibly, only Cape Town and Durban demonstrate similar characteristics. In the case of Port Elizabeth, the port was the cause of the city itself. The mix of a rich hinter-land upstream of the Baakens River and a strategic

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position on the east coast of South Africa were strong determinants for the foundation of the city. The city was governed by foreign tradesmen, a condition that helped establish vital international trading links.

The division of the port function from the city by vast brownfield areas is especially obvious in the city of Port Elizabeth. The harbour and the shipyard areas were not linked with the City's day-to-day life until around 2006. The only shared link was the visual scenery on the other side of the city. The independent role of the port *vis-á-vis* the city was further emphasized by the fact that the port had considerable autonomy regarding the planning and construction of port land. This was enabled under the auspices of the National Ports Authority (**NPA**).

In this chapter's earlier international review, it is acknowledged that waterfront redevelopment processes are typically financed by different kinds of PPPs. Generally, the tendency of society to lead renewal via the tax payer's money has been substituted by demand-led solutions - whether societies merely promote private property investment through the use of governmental planning and strategic investment and infrastructure or not. Major risks with this practice, however, are resulting in urban redevelopment and investments serving only financial and real estate needs in ignorance of the relevant community's needs.

In light of the above, where development is orchestrated by a PPP, a different focus on the relationship between urban planning and the corresponding response of property market risk is required to serve as a filter between user needs and the urban renewal process. In the absence of this, investments risk losing their foothold in the primary circuit of user needs. The redevelopment scheme applies to finance and real estate concerns, rather than to social concerns. Politically set social goals are only partly realized through property market actors.

In South Africa the shift between financial circles is illustrated in the acute recession from 2008 and the years following. After the situation in the 1980s where investments were largely based on *Tweedale*'s secondary circuit, the banks, as a result of the crisis, almost closed all funding of risk capital for real estate investment. These events served as an input for a revised strategy for the MBDA, wherein corporate and social needs were used as stepping stones for the brief of the respective infrastructure projects in mandate areas.

Recent developments are largely driven in a complex interaction between local authorities, the MBDA, universities, the private sector and the larger corporations. The corporations and the firms respond to social impulses, but the dialogue between them is intensely facilitated by the MBDA, connecting a political *wish list* with market needs. Before buildings are planned and constructed, there needs to be a social demand. The social links between users and society related actors are well established before a building project begins. Spin-offs from this context in the form of unforeseen innovations are often the result. The real effort is to organize, identify and stimulate these user needs, enabling their capability for forming a base for a socially-led practice of urban renewal.

The MBDA's is, as *Desfor, Goldreick and Merrens (1988)* puts it; "a process stemmed by local contingencies", illustrated, for example, by the development of

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mixed-use development catering for leisure, entertainment, tourism and office/retail/residential. Although the presence of a local political agenda and the far-sighted vision for the redevelopment is apparent, the critical opportunity does not occur until a private sector orientated corporation enters the stage, and articulates a user need. This may seem unplanned and a stroke of luck from a traditional government-based planning perspective, but in the case of the MBDA, the situation is an expression of a user led perspective, a view that involves urban planning with a governance of an urban growth agenda.

Lastly, other than the all important participatory processes; networking between the different stakeholders in an effective urban renewal equation of factors, idea forming in development forums and the issue of leadership, should not be underestimated. The author is not a believer in one person *getting the ball rolling*, but advocates that an equation of people working in the same direction is paramount. The executive staff turnover amongst municipal officials and politicians is very high in South Africa. Not only are there major changes after every local government election, but even within the same political dispensation within a five year period. Sticking to an urban renewal infrastructure and social development programme plan is not an easy task. Providing leadership within a specific urban renewal staff component and within officialdom and political dispensation becomes an almost impossible task. There are very few examples in South Africa where a specific development plan has been consistently implemented at local government level over a specified period of time and according to that plan. Needless to say, where there has been reasonable success it is mostly due to, a long standing relationship between a group of long-serving officials and politicians, skills, experience and continuity retained for a long period and intellectual capacity built.

Joan Clos, the Mayor of the City of Barcelona stated on a number of occasions that a "shared leadership" between a number of key politicians and officials is important to reach a reasonable level of success in urban renewal and LED. In Barcelona it was a shared leadership between the Mayor, the Presiding Councilor for the Presidency, the Municipal Manager and the Manager for General Services that was responsible for the executive impetus in Barcelona *(Municipal Innovation Plan:2002:46).* It is this collective strength of leaders that ensured that managers and directors developed and implemented the Innovation Plan.

The planning towards a waterfront in Port Elizabeth, complementing the present urban renewal programme, is an important objective of the MBDA's overall plan. The relocation of the industrial facilities (i.e. the oil tank farm and the manganese ore facilities) to the Port of Ngqura, and the environmental rehabilitation of the land, is a tedious process with a continuous trade-off between the port needs of Transnet and the non-port needs (i.e. residential, retail, office and tourism/leisure/entertainment) of the City. The culmination of the MBDA's plans for a waterfront development will be crucial in the city's LED, as the port is on its doorstep. Urban renewal work, e.g. the upgrade of Kings Beach, is already approaching the port and integrated planning between the MBDA and Transnet is of paramount importance.

The preceding paragraphs and the implications of the 2008-2012 recession, require that waterfront developments utilize *a bottom-up* planning approach. This should not be carried out merely as a real estate exercise, but should have a social approach, and

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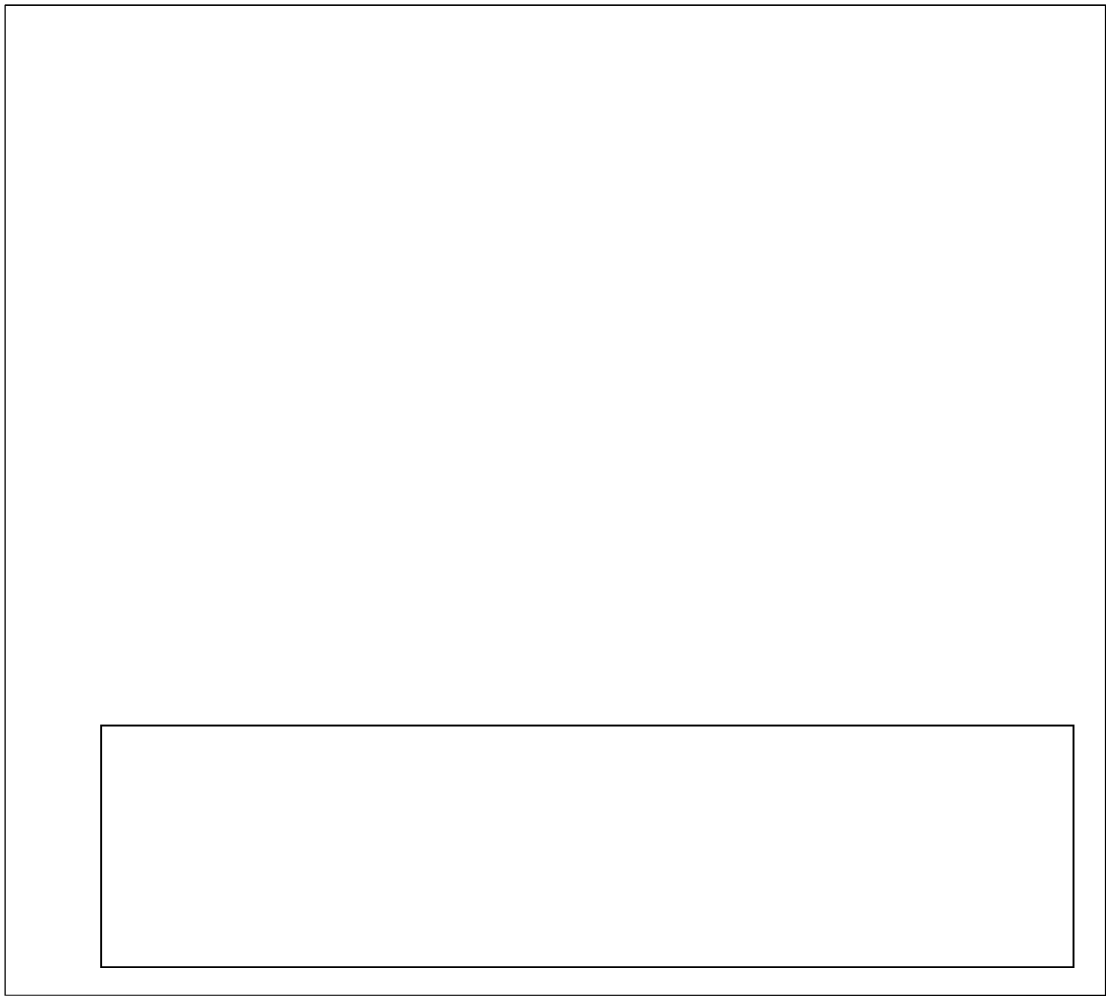
respond to the needs of the market place. ***Figure 37*** demonstrates the future port planning. The area marked 5 – 7 is a NMBM property that, undergoing an urban renewal process beginning in 2011 and which at the time of the writing of this thesis, continues. It is an upgraded public open space that is part of the integrated port/city planning of Transnet and the MBDA

Figure 37: Planning towards a waterfront



Source: MBDA

The upgrade of Kings Beach into a public open space is demonstrated in ***Figure 38***. It includes a water body and elevated walkways between the public open space and the environmentally sensitive dunes. The area will be a well planned complementary fit to a future waterfront development.

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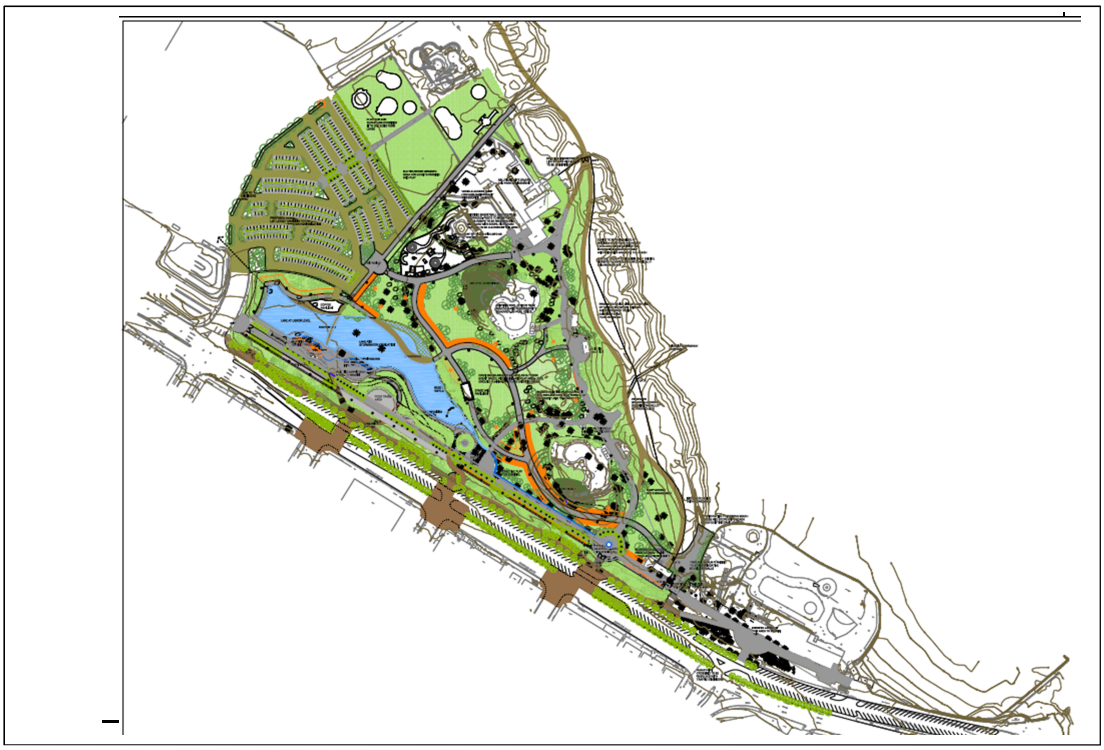
Figure 38: The upgraded Kings Beach (an ongoing process)



Source: MBDA

The upgraded Kings Beach was the culmination of extensive public participation. It was recognized that the triangle should not be open for real estate development, but will form a public open space complementary to a developed southern part of the port for non-industrial purposes.

Chapter 12 assesses the design brief as a tool to bridge the gap between urban planning/design on the one hand and local economic development on the other. In previous chapters, reference was made to the process as *guided development*, through extensive market research and a bottom-up approach.

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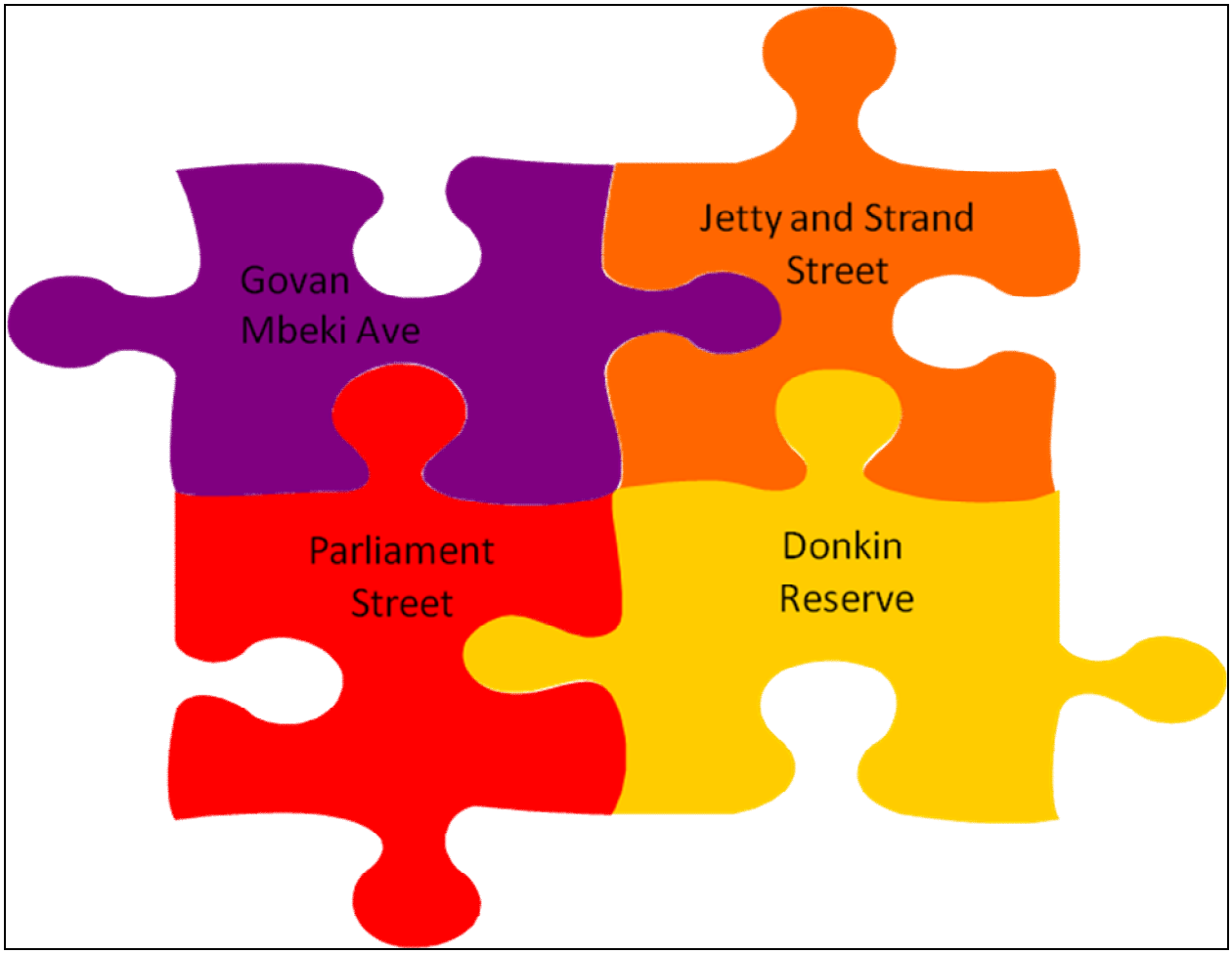
PART FOUR

AN URBAN AGENDA IN PRACTICE



Building an incremental urban renewal "puzzle"

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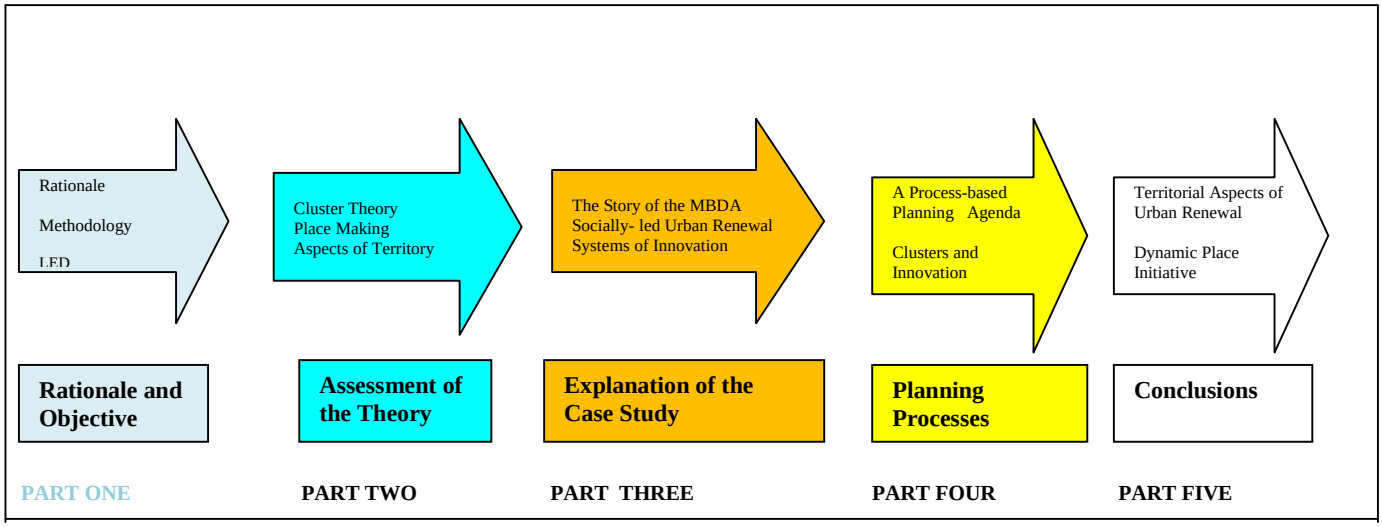
THE EMPHASIS OF PART FOUR



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CHAPTER TWELVE

BRIDGING THE GAP BETWEEN URBAN PLANNING AND LOCAL ECONOMIC DEVELOPMENT THROUGH THE DESIGN BRIEF



A view of an industrial city

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12.1 Introduction

The overall objective of the thesis is to demonstrate that a competitive urban renewal cluster, created through a different approach to planning by extensive public consultation (a *bottom-up* approach) can make a significant contribution to competitive local economic development.

Such a process needs to find different ways to ensure that public investment is followed by private sector investment. The solution is in ensuring that public sector investment is sustainable and that a competitive local economic development programme results in a contribution to GDP and employment creation.

The process brief, i.e. the briefing document that provides guidance in what is designed for urban renewal purposes and eventually constructed, becomes an instrumental tool to ensure that urban renewal is not only a real estate concern, but is a socially-led agenda that responds to the market place.

12.2 Sustainability and urban planning

In 2006 in Buenos Aires, Argentina, the MBDA participated in a port-city forum of the AIVP, *Association of Internationale Villes Ports* (translated International Association of Ports Cities). The forum addressed *sustainable development* from a slightly different angle compared to that of the initial concept that originated in the United States and Great Britain in 1970. The project aimed at "regaining the large regional potentials of redundant properties, *inter alia*, redundant port properties, in city centres, which have been increasingly marked by industrial utilization, and which are now mostly at their disposal again due to the far reaching economic structural changes in the world" *(AIVP:2006:3).*

AIVP expressed a concern regarding projects that do not have the sustainable angle to ensure that they deliver in the medium to long term. This idea had been influenced by the Rio De Janeiro Conference in 1992, in which it was acknowledged that, "humanity has the ability to make development sustainable – to ensure that it meets the needs of the present, without compromising the ability of future generations to meet their own needs" *(United Nations: 1992:8).* Sustainability implies a set of basic principles, a sound natural environment and a set of balanced economic and social living conditions to be developed for future generations.

A sustainability approach to urban renewal can only be achieved through a civil society consultation approach. This implies that civic groups have to be actively involved in planning, implementing, participating and decision making procedures with public authorities. Models need to be developed locally, based on specific local potentials and restrictions. Inflexible, long term planning should be avoided. Planners should look for medium term and even temporary land use development that will allow for urban development to be considered a *process* and not a *path* to a pre-defined final stage. Planning conceptually employs pro-active support for strategies as opposed to relying on control; planning should aim at identifying potentials and developing them with the maximum participation and involvement of the concerned groups.

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The Mandate Area of the MBDA had a weak social record up until to 2006. The port was an isolated enclave in the city, only permitting access to those who had business in the area. This was even more pronounced after World War II, during which time the entire area was blocked off with fences and guards. Following the bombing of the Twin Towers buildings in the United States on 11 September 2001, port security was tightened and once again became very difficult for the urban population to access. The CBD also had a limited economic and social record in respect of the implementation of infrastructure projects, particularly from a medium to long term sustainability point of view. Many other municipal and state buildings and properties became attractive areas to vagrants and these buildings were often fenced with barbed wire to keep out unwanted elements.

The City of Port Elizabeth also had little in respect of forward planning in capital expenditure. Master Plans and IDPs, etc were developed by consultants, but often in consideration of limited market research and social inclusivity. Some of these plans never reached implementation stage or only reached limited implementation stages and ended on the shelf. Capital expenditure on infrastructure transformed into crisis management processes which in turn became an annual budget and financial nightmare.

The development of the urban renewal capital projects and the implementation thereof were designed and completed with a very strong social input and in consultation of wide market research. The needs of the present and perceived future inhabitants played a vital role.

The social inclusivity process reached maturity in the Donkin Reserve reconstruction. The Donkin Reserve emphasises the importance of participation and socially-led renewal as a link to the private sector. Matching actions concerning the reserves were focused on participation from the corporate sphere and from a range of institutional and government based sectors. These included the Planning Department of the City, the Port Elizabeth Regional Chamber of Commerce and Industry **(PERCCI),** the National African Federated Chamber of Commerce **(NAFCOC),** residential inhabitants in the area, corporations, artists, consultants, music groups and youth groups. This condition forms a benchmark for the development of the concept of a friendly, open city; making households and leisure/cultural activities as important as the actual bricks and mortar.

In order to solve the broader call for participation, the redevelopment of the Donkin Reserve had to be implemented on an incremental step-by-step basis, in a series of stages over several years where the user needs are considered in connection with tangible development opportunities. The first phase expenditure of R41 million began in November 2009 and culminated in further capital expenditure over a three year period. The upgrade of two hotels and buildings for office and residential purposes adjacent to the Donkin originated in the long consultation process (with *inter alia* the public and property owners and developers) throughout the design of the Donkin to ensure that public investment would multiply through private sector investment.

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12.3 A balanced and incremental development strategy - putting together the pieces of the puzzle (a "package of plans")

Around 2005, after the first part of the MBDA's SSIF was circulated to a range of stakeholders, it became obvious that the redevelopment of the Mandate Area would not be addressed in one grand scheme. It was almost as if it needed to be approached in a *puzzle building fashion.* Just like a puzzle; one part does not make sense on its own. Rather, each of its constituent parts only makes sense when all the parts are fitted together to make one collective whole. No all-encompassing planning process and implementation strategy could be expected. Instead, as the municipality and the national parastatals (such as the NPA and the Department of Public Works), that were the major land owners, became involved, new processes had to be initiated on the respective sites within the frames of the existing plans. It was a process that also had to respond to customer needs and market conditions.

The economy would have an infrastructure of its own, similar to the industrial buildings and harbours resulting from the industrial economy. The scale of this new infrastructure would not be smaller than the old one, but it would have new qualities with a strong social content. One of these qualities would be the opportunity of the private sector to get involved in the new context through a socially-led approach.

The strategy for participation involved those who cared for the place and people who had a personal or business orientated reason to participate in the discussion concerning the far-reaching aims and objectives for the Mandate Area.

The resulting commitment also influenced the conditions for the development of individual firms or activities. The SSIF describes the process as "balanced incremental development" *(SSIF: 2005:10).* Participation forms the base of undertaking a project incrementally and mutually, between developers, planners and customers. The resulting social loyalties in the area form a cornerstone for a new context.

12.4 User theories compared

As discussed in previous sections, CBD urban renewal projects worldwide are often based on *top-down* forces rather than *bottom-up* development. This theory functions in practice at a scale where affordable international capital can flow into the system in order to make it operate.

The idea was to develop new uses for the Mandate Area with respect to local needs. Any urban renewal attempt had to be sustained by complimentary and global orientated driving forces.

In order to regenerate a decayed and redundant area, two elements have to be included. Firstly, the area has to be able to accommodate new enterprises which employ people involved in value adding businesses. This kind of basic economic structure has to be generated *top-down*, linked with conditions in the national South African and global market, channeling resources into the local system. Secondly, the outcome of development has to be shaped in an interaction between local bottom-up and global forces. The urban system, the environment and the processes to shape it

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would thus be important for the development. The concept of a *Friendly City* will only then begin to find its role.

The cornerstone for achieving this development was the "sandglass" function of the MBDA, which, as suggested by *Riley and Shurmer-Smith (1998),* forms the capacity of channeling national and global impulses through the corporate sphere and converting them into local development agendas.

The objective of an office, retail, residential and tourism/leisure/entertainment cluster demonstrated a shift in focus, i.e., from a traditional architectural and urban planning platform - aimed at the creation of new economic life in Port Elizabeth - to an economic development platform, acting in collaboration with an urban structure. The qualities of the *Friendly City* are mutually based in both these worlds.

Arriving at this point in the case study also prompts the recognition that it is not only the city that is being discussed. The city is only one among several factors for successful global competition in a knowledge-based industry. Other factors should also be taken into consideration, i.e. the ideologies of strong corporate industries in Port Elizabeth, such as those of Volkswagen, General Motors, Cadbury and Goodyear, in the debating of clusters and innovative environments in motor vehicle and related industries. The emergence of a strong retail, office, residential and tourism/leisure/entertainment industry is another factor positively influencing Port Elizabeth's growth-based environment.

12.5 The design brief as a planning interface

Effectively the briefing process is a form of guided development that creates the crucial link between urban planning and sustainable, competitive local economic development.

Discussions about "here and now" are easier than debates about "there and later" (*Stromberg 2001).* This statement indicates that the capacity for mobilizing participation in urban planning is related to situations where projects become tangible and related to an individual situation. Comprehensive planning is often focused on issues that involve principles and changes beyond the everyday concern of people, as long as one is not explicitly wedded to these matters. Deep involvement in a brownfield regeneration project is difficult to mobilize, because the relevant stakeholders are unknown until they engage in the creation of possibilities regarding their own situation.

When an international hotel chain is involved with a situation concerning a possible new location, the engagement comprises of all levels of the urban redevelopment situation. The company develops strategies that address the new premises, qualities of the surroundings and building design. The distinction between *levels* in the way the society and planning agent view a situation does not exist in the corporate world. The engagement concerns the functioning of the environment in its totality, although it begins with considerations concerning an individual building.

Project conceptualization initiates with a development forum established for each infrastructure project identified in the SSIF. Through this mechanism, wide

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consultation takes place to ensure that the overall philosophy of the project is in line with the SSIF and is a constructive part of the long term completion of the SSIF puzzle. The ideas and inputs flowing from the development forum become part of the formal project design brief, providing the professional design team with guidance in the completion of the detailed urban design.

In the development forums established by the MBDA, the bottom-up engagement is illustrated in the initial rough design sketches on which the MBDA bases its dialogue with different stakeholders and corporations. This initial stakeholder-based bottom-up input is different from the traditional top-down urban planning perspective. The planning brief grows incrementally and adapts to a changing situation through a successive matching of *top-down* and *bottom-up* impulses. From a corporate point of view, urban strategy, urban planning and urban management are an integrated part of a brief for a new infrastructure project.

The development forum for a particular project and the wide consensus reached is further complemented by formal market research in the fields of retail, residential, office and tourism/leisure/entertainment development. Such market research forms the backbone of the SSIF and is further refined in every individual infrastructure project that is part of the *puzzle* (a *package of plans*) developed in the SSIF. Market gaps are identified and, together with the overall outcome of the development forum, they become a further mechanism to develop a design brief that has a strong guided development objective.

The market research and development forum output are two elements that embody the bottom-up approach and ensure that the eventual urban design for a specific project, reflects the needs of the market place and is not only an award-winning *design*. ***Figure 39*** outlines the overall practical urban renewal approach that is a culmination of the inputs of project development forums and extensive market research. The overall approach ensures that every project responds to market needs to provide local economic development with a sustainable and competitive edge.

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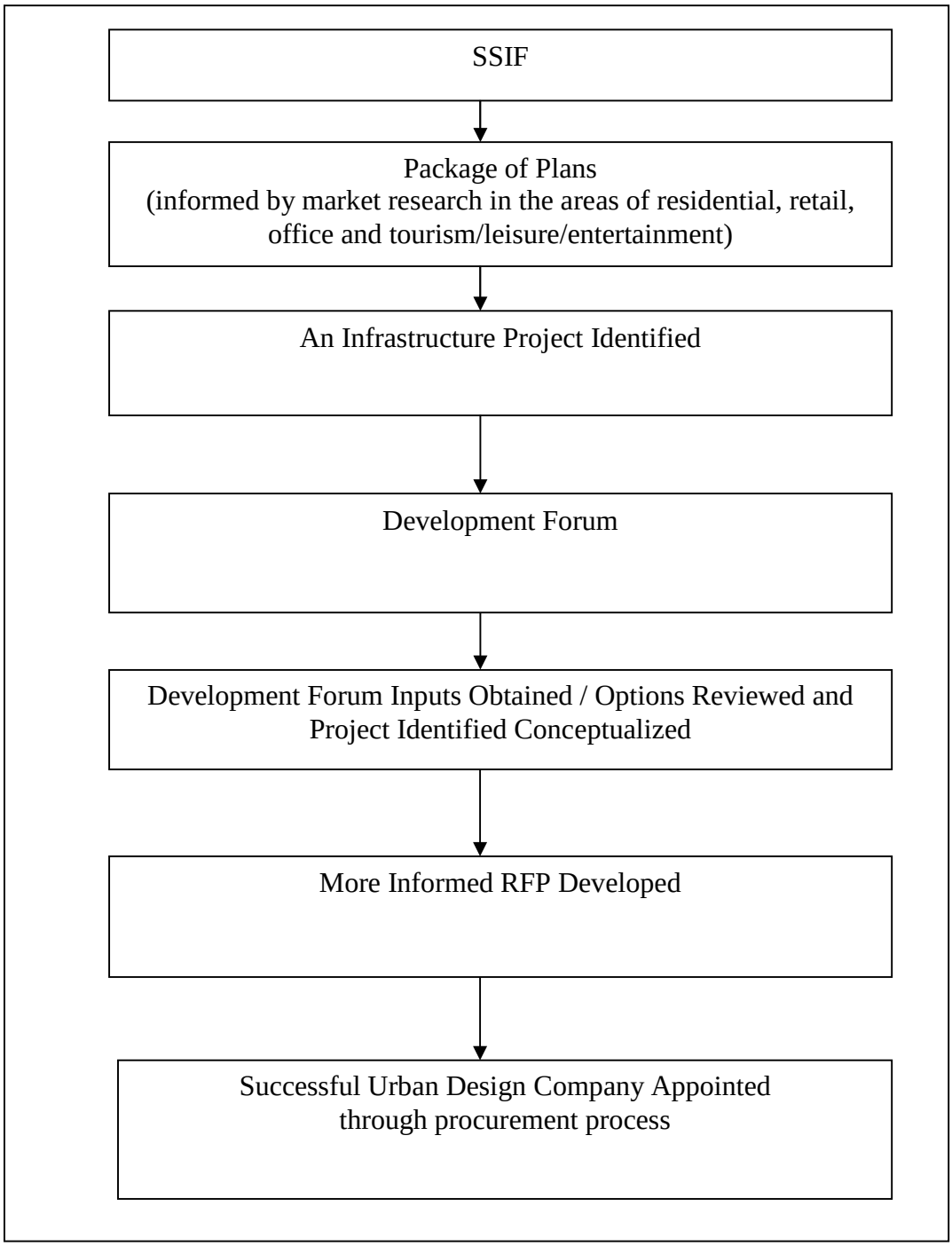
Figure 39: The MBDA design brief process



As part of the SSIF, an infrastructure project is prioritized if the considered opinion is that it contributes to the puzzle and local economic development. Before the design RFP is drafted (i.e. calling for professional urban design services), a development forum is convened. Such a forum will consist of a number of role-players, depending on the nature of the project. It may include not only architects and urban designers, but also residents, artists, business owners, property owners, etc. ***Figure 39*** shows a flowchart that demonstrates the *steps toward a more informed design brief through a RFP process. It reflects the guided development approach.*

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The development forum concept and the emphasis on market research, is also part of a business strategy process for the MBDA. The inter-connections run vertically through the systems from the strategies on the political level, down to the details, such as cleaning up the area or securing it through *inter alia* close circuit television cameras. Always, the users have "pregnant" ideas, concerning the functions and qualities of the area, as do the planners. Personal contact between Port Elizabeth's top political role players, its planning authorities, business and the general public exists throughout the process. This interaction is orchestrated by the MBDA in an action framed by the place, concerning the place-making efforts of the MBDA as a defined part of the urban context of Port Elizabeth.

In this way, the context of planning is integrated into strategic building decisions and with questions of environmental management. The core of these activities is the briefing process. The urban brief or RFP merges with a strategic briefing process with the objective of creating catalytic infrastructure through public investment with the resulting private sector investment. Initial concept sketches are refined and changed in the development forum and market research approach.

Urban planning is not undertaken as an expert process brought forward by the City's planning authority. It is foremost a process that is integrated into - and mirrors - strategic mutual dependency between business and government. The briefing process is used as a strategic tool to give concrete form to discussions about strategic urban development between societies and industry, mediated by the promoting agent, in this case the MBDA. Briefing through the RFP process is a core process, framing dialogues and describing the requirements for planning initiatives for the realization of building projects. The RFP process is quite instructive, as its product is a document that has undergone a rough sketch process; it is debated and questioned in the development forum. The appointed professional conceptualization team of experts for each infrastructure project, responding to the design RFP, therefore already has a framework of parameters in place when they bid for the design work. In these parameters functionality and customer needs are already finely balanced with the design input.

12.6 Managing the project design brief for design in a fast changing environment

Blyth and Wortington (2001) consider the process of briefing as an iterative (creative/repetitive/illustrative formulation), creative process that involves all parties. In a briefing process, options are reviewed and requirements are articulated. It is an evolutionary process of understanding an organization's needs and resources. The challenge is to build appropriate relationships between the designers and users and between design teams and implementation teams. *Blyth and Worthington*, see *briefing*, *design* and *facility management* as one continuous process - a process that requires the ability to learn and improve through continuous feedback and evaluation.

The brief is an initial step in the design process. Being part of a design process also regards briefing through the RFP process as being connected with the solving of complex problems. A design task has no ultimate formulation; "the approval of one design solution depends on how the result is evaluated in comparison with other solutions" (*Blyth and Wortington (2001:61).*

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The most common use of the word brief is in law where lawyers call summarising a document, a brief. The term brief is also commonly used in aviation, where it is a comment on observed and forecast conditions for an airplane's flying route. In design, *brief* is, "conventionally taken to stand for a document describing the requirements for a building project, which is written before any formal design action" (*Blyth and Wortington (2001:72)*. *Briefing* is the generally accepted term for the process by which the brief document is produced.

A brief is often called a *programme*. A *brief* and *briefing* are regarded as synonyms for *programme* and *programming*. In the context of this study reference is made to *brief* and *briefing* when discussing these activities. The planning briefs of the MBDA that are described in earlier chapters, however, are translated into English by the planning authorities using the term, *programme*. When referring to these documents, the current use in English, in the MBDA's understanding of the word, *brief* is used.

The history of briefing has its origins in the public sector's experts who in the 1950s started to develop knowledge of how to build precise building forms around organizational patterns. In the 1960s and 1970s, briefing was looked upon as a linear function - often in the form of an ambitious compilation of data, presented to the architects as a framework for solutions. It was assumed that the design process was rational and transparent. In the second generation of design theories in the 1970s, solutions were allowed to adapt the problems "as they make themselves apparent" (*Blyth and Wortington (2001:78)*. Problems and solutions were continuously evaluated throughout the process. Today, design is viewed as a process that involves the constant interaction between what we want to accomplish and how we want to achieve it (*Blyth and Wortington: 2001:80)*.

Blyth and Wortington's definition of today's briefing is as follows: "a dynamic participation from the commissioner in an iterative process, an active management of heterogeneous interests, involvement of stakeholders, using all available techniques, and the creation of a favourable climate within the user groups as well as within the construction groups, by bringing forward the necessary documents" *(Blyth and Wortington: 2001: 82)*.

By this definition, briefing is a change process, governed by core business qualities and guided by the commissioner's long ranging need for continuous development. In the value based strategy, briefing can be seen as a tool to strengthen corporate market positions. The activity of briefing has to correspond with the activity of business planning. It is more often linked with the user perspective than with the commissioner perspectives.

The links with business planning often address briefing as an activity for top management, a continuous process that is not separated from the design of a new location. Decisions tend to be taken as late as possible in the processes, which creates the need for an open ended character. This tends to make the concept of briefing more process orientated as opposed to document orientated. Briefing is given a customer focus and strategic perspective instead of a construction orientated and operative role. The role of feedback is stressed in these kinds of processes; design is briefing and briefing relies on design. This process is iterative (which may also be repetitive) and creative. In a way, it can be argued that the process of briefing is more important than the brief as a product. In the fast changing world, briefing tends to be a tool for re-engineering businesses. *Blyth and Worthington* suggest that the term, *reverse briefing* (similarly to reverse engineering in the automotive industry), can sometimes be used

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to suggest that the process is started with a built prototype, followed by evaluation of its shortcomings and adapted it to suit specific requirements. *Blyth and Wortington (2001:178)* mention five generic types of briefs:

- *Urban brief* refers to activities that seek to understand the particular needs of an urban area
- *Strategic brief* labels the process where the client defines the need for a project and sets it out
- *Project brief* transforms the strategic brief into building requirements and
- *Fit-out brief* defines requirements for internal building spaces
- *Furniture brief* defines furniture attributes.

O'Mara (1999) explains that it is likely that in the future, business and urban public infrastructure/facilities planning will be integrated even more. This will give the activities of briefing a new dimension and a new perspective in companies and organizations. Focus is shifting from checklists and requirement formulations to the development and application of a gradually improved briefing process with the capacity to transfer in-depth information, such as an understanding of the uses, operations, values and choices.

This upgrading of briefing activities, as pointed out in the briefing processes of the MBDA, is particularly obvious when one is concerned with strategic consideration in situations characterized by complexity and uncertainty. According to the previous findings, these situations are facilitated through extended dialogues between many parties. The briefing process provides tangible and valuable tools for these dialogues. The development forum concept established by the MBDA is a starting point for the review of potential briefings for infrastructure projects. The outcome of its actual briefing process is based on dialogue and the inputs of many stakeholders in the debate process; these stakeholders include architects, urban designers, engineers, quantity surveyors, politicians, artists and the like.

12.7 The process around design brief in the RFP process

The briefing process is a progression towards an integrated and iterative view on design processes. The briefing process in the development of public infrastructure or the upgrade of public infrastructure is aimed at enabling business development among small enterprises and entrepreneurs through the briefing, design and development of individual projects and the common environment. This process is made possible due to a perception of public infrastructure and buildings in different layers where different stakeholders have influence over different parts. This process is a tool for the appropriation of the environment. The design model represents a kind of continuum between briefing, planning, design and construction wherein the formative element interactively floats between the levels of time in a step-like process.

One can almost refer to this process as balanced incremental development. The step-by-step approach is applied because of the need for a civic appropriation of the MBDA's mandate area and because of the high degree of uncertainty and risk involved in this kind of urban renewal development. The circumstances have caused the necessity of continuous strategic adaptation to the world and to economic and political pre-conditions. The process chisels out a social design of the context. The

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driving force of this process is the place related mediating organization, which facilitates the fusing of strategic goals, business development and building redevelopment with emerging social structures. One can almost refer to this kind of action as a social meaning making.

The theory places dialogue at the centre of actual change. The common environment or a representation of it is a hub for people of different cultures and languages. Through the tool created by the MBDA, one seeks a process that could simultaneously shape places and build meaning for those who will appropriate the room or the place. One needs to distinguish between instrumental action and meaning-in-action. The latter refers to the kind of experience emanating from living and working together to empathize with other peoples' situations. By pointing out the two actions, it is argued that there may be solutions where the two modes of action may interact with each other in a balanced relationship.

The idea of process urban planning/design and architecture is a vital tool for improving business operations and increasing productivity through the development of the workplace. The approach is connected to conditions beyond the normal stable states, conditions where companies and the government cannot foresee what is going to happen over a longer period of time. The continuous reshaping of workplaces is the result of companies and the government's desire to survive and succeed despite rapidly evolving technology and accelerating global industrial competition. The potential to use the process of workplace-making as a tool to transform organizations remains largely unexamined. The seeking of coherence between workplace and work processes may be used as a restructuring force for business re-engineering.

Process urban planning/design and architecture manage transformation through the user's invention, a custom tailored process. Elements in the process encourage the participants to become more aware of what the workplace means to them and how work is actually done. It demands an improved capability to imagine an idealized environment, to develop the ability to do things collectively and to improve the capacity of rapid visualization and synthesis to be fed back into the design process group. Projects become entities to think with, that create a rich field of reconsideration and innovation in the environment of urban renewal.

A collective design process is a participatory design activity wherein the actors take part and - with their respective expertise, values and interests - formulate the eventual design that is issued by the MBDA. In the process, both common knowledge and the objectives of the organization are questioned and developed, generating new knowledge and forming new goals. Project managers need to foster these active collaborative processes.

The collaborative action is built on the creative tension between users and planners and processes much more complex and demanding directives for consideration than those of a traditional architectural brief. A project brief is supposed to give a description of something that is about to happen, but it is not possible to give a description of something that is still unknown. The projects are created in the process and the process is created in the projects. The entire field needs to address ordinary people as well as developers, expert planners and architects. This will release an interesting creative reality where the use of local knowledge creates something that fills the gaps between existing expert competencies.

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This kind of work style demands tolerance for open-endedness and for persistent uncertainty - particularly in a culturally diverse city such as Port Elizabeth (and in South Africa for that matter). The design is never complete. In an urban renewal environment the process is evolving. Every design brief that is purposefully developed contributes to the urban renewal process. Change in technical aspects naturally demands change in several other aspects. The process does not preoccupy urban design or building response as a test of success. The result of the process may be that nothing needs to be built and that the solution lies within changes in the society, within the organization that implements or within changes in technology.

Learning processes require an understanding that can be transferred into a re-understanding; an imagining of what to do in a new strategy, resulting in an implemented new strategy for action. This process is carried out not once, but repeated many times in different contexts and different combinations. Knowledge and routines become embedded in organizational projects, which then become part of the organization's cultural expectation. The entire process can be categorized as organizational learning.

The paradox is that whatever reliable ideals have been developed in specific projects in an urban renewal environment, are not replicable for a new project. Every model has to be invented specifically for each situation because this invention is part of the learning it distinctively requires. This is the crux of the design brief. One can almost call it *the paradox of replication*. No process worth replicating is replicable. Worthwhile processes must be reinvented rather than mechanically reproduced.

12.8 Briefing as an interactive tool that links strategy planning, design and local economic development

In the case of the MBDA, design processes are used as a strategic tool in urban planning. The facilitation of each development case begins with a market initiated strategy revision that challenges the comprehensive plan. A further strategy development is mutually taken on between the city and major market players. Based on this, the process progresses to the formation of a planning brief for a part of the revision of the comprehensive plan. The planning brief process is interactively and incrementally developed through a series of sketches on individual buildings and public spaces that require the planner's conception. Through the course of the events, there is a pendulum-like alternation of participation between the markets, the city's strategists and the planners. The MBDA acts as a mediator and facilitator of the process. The MBDA links business interests and commercial opportunities in the market to politics, planning and administration in the government sphere. Initiatives formulated in the briefs are currently being monitored by the MBDA against feasible market, financial and technical conditions.

Tests are carried out to determine a frame of the possibilities in every conceivable resulting or circumstantial situation. Different mentalities of analytical action in market activities are billed together in mixed groups of experts, users and civic stakeholders. The briefing process used in the above described way, within an entity such as the MBDA, bridges the gap between customer needs and planning requirements, and will be further developed in the chapter to follow. Effectively the briefing process is a form of *guided development* that creates the crucial link between urban planning and local economic development.

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Chapter 13 will further discuss the creation of dynamic places through a process of *Dynamic Place Initiative* to ensure that local economic development is sustainable and competitive.

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CHAPTER THIRTEEN

DISCUSSION: A SUCCESSFUL MBDA APPROACH TO URBAN RENEWAL – DYNAMIC PLACE INITIATIVE (DPI)



"The Lady" – an art piece on the Donkin Reserve, named after Elizabeth Donkin, spouse of a former British Governor. The Donkin Reserve is also referred to as "Isivivane", the Xhoza expression for the "place of women".

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13.1 Introduction

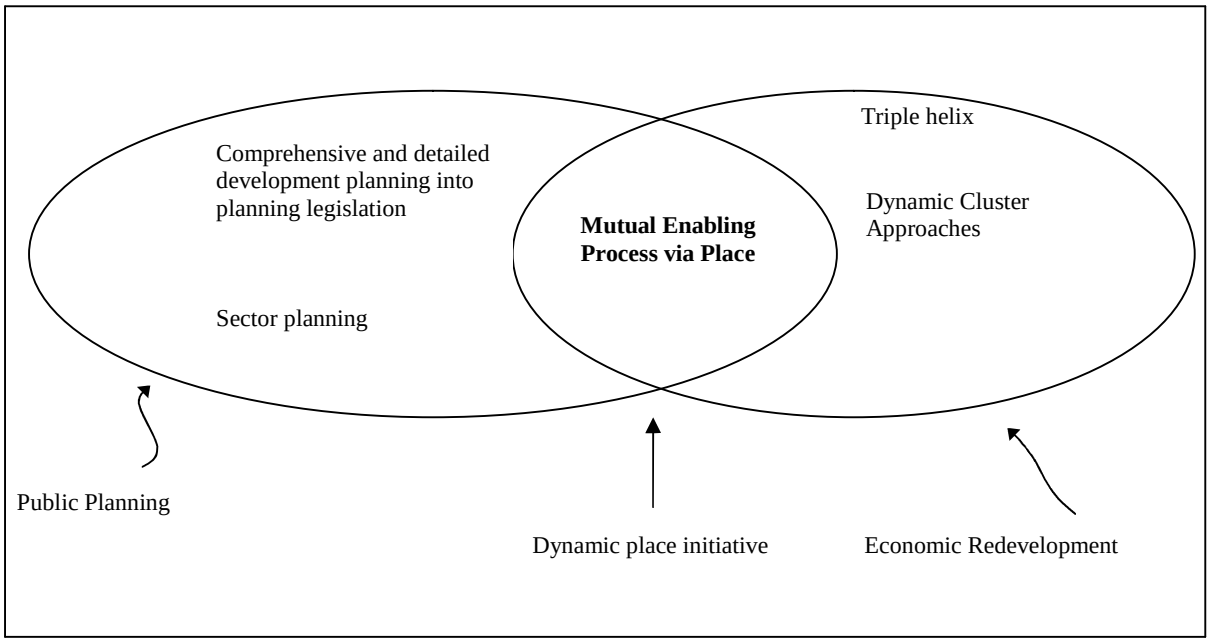
This thesis aims to demonstrate how urban renewal and the redevelopment of a bounded and formally redundant place (part of the City of Port Elizabeth's CBD) may serve as a tool for the creation of an urban growth node. This thesis also intends to demonstrate what mechanisms can be utilized to serve as a vehicle in achieving the objective. The discussion to follow on *dynamic place initiative* originates in observations made in a case study concerning the planning and redevelopment of the cluster around residential, retail, office and tourism/leisure/entertainment development contained in the Mandate Area of the MBDA in Port Elizabeth.

This chapter will further discuss how the cluster and technopoles concept is applied in a successful urban renewal approach in contribution to a successful local economic development programme.

13.2 Innovative clusters in an urban context

The case study shows that urban management and planning, under certain conditions, form a critical resource for a desired development of an innovative urban cluster environment. This is achieved through an adapted institutional structure capable of fostering the necessary qualities. Reference is made to this approach as a *Dynamic Place Initiative* with the following set of tailor made conditions, demonstrated in ***Figure 40***.

Figure 40: A structure for the discussion



Planning which is formulated in the urban planning regulations in South Africa is based on promoting social development and securing the rights for equal and decent living conditions. The growth of the cluster is concerned with an economic development agenda, which is often dominated by qualities other than those activated by public planning. The study focuses on the cross section where these discourses meet and overlap.

Based on the case study, the study discusses the interface between the core activities of public planning, as expressed in South African urban planning regulations and sector planning

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instruments. The efforts to create a lively urban environment are based on developments in retail, residential, office and tourism/leisure/entertainment integrated with the urban qualities of a F*riendly City*. At the MBDA, this interface is characterized by a place-related mutual redevelopment process wherein public planning, corporate strategies and property development are welded together in an interactive process.

Standard public planning and implementation procedures, as discussed in earlier chapters, show that a focus on real estate investments through public private partnership, risks resulting in alienated environments with vague links to the dynamism of consumer needs and the urban economic and social context. Such a focus on real estate investments through PPP is often also driven by a developer's greed or financial opportunism in a booming property market. Mechanisms need to be implented to counter such developments that become alienated from the rest of the urban landscape. Such projects should rather respond to user needs as part of a changing urban economy. In order to create such qualities, urban planning needs to be supplemented with a dynamic structure that anchors the urban redevelopment scheme in corporate and other use-based economic contexts.

Traditionally, CBDs situated very close to port entrances form the exchange point between the local and national economy as well as global patterns of economic redevelopment. Through this sandglass, one should observe the relationship between *top-down* global forces and local *bottom-up* action. In this case study, cluster redevelopment is approached as a form of user-need-based property market, capacitating demands that set the standards for the MBDA initiative. The concept originates in market conditions of national and global competition. However, in order to fulfill desired standards, cluster redevelopment requires to be assimilated with the urban renewal structure of the MBDA.

The realization of this vision is mutually based on corporate action and the planner's concept of the *Friendly City*; the city that is attractive to work in, live in and recreate in. In practice, as demonstrated by the case study, this co-action between different interests was based on ordinary day-to-day strategic actions in the different spheres of city life, although developed across traditional organizational boundaries. Mediated by the MBDA, a range of stakeholders took part in strategy making, interconnecting their efforts to find favourable location and property solutions. As a by-product, these processes formed a relational richness at the newly created place, as well as creating the basis for actual private sector development and the financing thereof.

The case study shows that the traditional municipal administrative structures emphasize use of instruments of the formal planning system - whilst other participants and stakeholders are more concerned with discussions that demonstrate how far-sighted business goals may be supported by tangible projects. A project's point of origin in the system of planning should be determined through the various stakeholder briefing processes and dialogues concerned with specific business cases, rather than through the formal structures of planning participation.

Together with the ability to finance a plan, the capacity for integrated processes of political administrative power - with the processes of relation and building - becomes of paramount importance. These observations from the case study serve to initiate a critical reflection of how the discourses of cluster and innovation may be transformed into a corresponding urban renewal process.

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13.3 A pro-active urban renewal cluster theory

Cluster theory is based on the idea of products specializing in globally competitive nodes. Competitive advantage is explained using the settings of factor conditions, embedding the actions of firms and corporations in a bounded area structure. The discourse is vague though, when it comes to aspects of cluster design.

The cluster discussion *(Porter: 1990)* originates in the concept of the diamond with four determinants of national advantages. These determinants are the factor conditions, demand conditions, related supportive industries and the firm strategy, structure and rivalry. Factor conditions are regarded as critically important in forming comparative advantage.

The factor conditions are discussed in a structure wherein *basic* factors (such as climate, land, capital and labour) are passively inherited and *advanced* factors (such as educated personnel and university research and development) are scarce. *Generalized* factors, for example are highway systems and employees. *Specialized* factors for example, are narrowly skilled employees, infrastructure with specific properties and knowledge bases in particular fields. The factors are organized in ***Figure 41*.**

Figure 41: A model for the classification of factors

	Basic Factors	**Advanced Factors**
Generalized Factors	Infrastructure	Experienced employees
Specialized Factors	Specialized infrastructure	Research and development **(R&D)** Specialized personnel

The plotting of the factors in this table does not attempt to corrupt *Porter's* discussion, but it does suggest a structure for an analysis that considers place and location in urban renewal. The fact is emphasized that the process of developing the local context is not properly addressed as a factor condition. The substantial place for a cluster is only mentioned in the theory as a kind of interchangeable generic infrastructure.

Clusters are characterized by locations that carry competitive advantages, in comparison to other locations. This indicates that place-related aspects hold dynamic, generic qualities. This opens up the possibility of adding the basic and advanced factors with a factor condition that has the ability to create unique local cluster environments. This *generative* factor condition is supportive of network-based, product orientated, territory dependant, and competitive advantages.

Generative factor conditions may carry both generalized and specialized qualities. A generalized quality may be public investments in infrastructure or private sector investment in production structures - sometimes in the form of PPPs. Generative factor conditions may also be observed to be highly specialized, for example; the ability to act creatively cooperatively across cultural and organizational boundaries with a high degree of mutual investments that confirm the networked character of the project. This kind of condition has the following qualities: a territorially networked development process, supporting and linking

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together generative and relation-building dimensions with the development of tangible projects. ***Figure 42*** demonstrates an adapted model to include generative factor classification.

Figure 42: An adapted model for generative factor classification

	Basic Factors	**Advanced Factors**	**Generative Factors**
Generalized Factors **Specialized Factors**	Infrastructure Specialized Infrastructure	Experienced employees R&D, Specialized personnel	PPP investments Qualified territorial network development process

This model emphasizes the significance of investment capital (whether public or private) in the cluster context. The notion of capital is normally addressed specifically in connection with the ability to raise risk capital for innovations and product development. In the qualifying territorial network development process, capital is addressed in a wider sense as a total resource for the development of the location context.

This contextual development capital is originated locally, derived from the latent values in derelict land and buildings. These latent values are activated and framed in a new institutional structure in the City of Port Elizabeth - the MBDA. The NMBM, transfers latent property - i.e. property not sweating to the benefit of the market place - to the balance sheet of the MBDA, which uses it to create revenue streams as a contribution to urban renewal. Thus, the MBDA takes the process further by initiating, implementing and privatizing land and property to ensure that urban renewal takes place and that an increased pool of rates and taxes is created. The MBDA allows for the sweating of this latent property. Product development is regarded as an embedded quality of the entire context.

So far, the qualifying territorial network development process can be said to address the *hard* conditions of cluster development, investment in a corporate context and the related built structure. Although firmly linked with product development through the corporate sphere, cluster theory does not sufficiently explain the dynamics of the creation of an innovative and territorially bounded environment. These dynamics address *soft* issues of sustained innovation and product development, based on relation building and dialogue.

13.4 Innovation and reflexivity as a hallmark of an innovative urban renewal environment

Globally comparative clusters are determined by a capacity of continuous improvement and upgrading *(Porter: 1990).* Innovation is a key ingredient, as is the ability to create competitive advantage through a reflexive (referring back continuously) reformulation of local conditions within the frame of a common product culture.

These systems are contained in new local institutional structures that carry an intricate exchange between industry, research and society in what is called a *triple helix*. Through these structures, technology is effectively deployed and brought to the market. In periods of grand shifts of technology, such institutional changes of the science technology system are especially important, resulting in relative changes in competitiveness between nations.

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In this thesis it is argued that the initiative that carries the structure and capacity for developing dynamic places represents this kind of institutional innovation. Framed by this initiative, product development is woven together with urban conditions emerging as the *Friendly City*, Port Elizabeth.

The new conditions for production within systems of innovation are characterized by complexity and a dimension of non-linearity with a resulting complication concerning management and planning *(Uhlin, Ragnes and Synnevag: 2000).* These systems give the local environment a dominant role. Within this structure, the competitive advantage between nations and cities is encouraged. The technopoles, however, are not easily replicable. Their growth requires that a product perspective be placed at the forefront, supported by capacities to create the necessary synergistic networks.

The creation of technopoles may be better supported by guided development than by traditional planning. It is in the design briefs that the guided development component becomes prominent. The design brief is a product of innovation in a development forum (culminating into a RFP) and is a purposefully guided development. Addressed from a standpoint of sustained innovation, design briefs need to be achieved using an intricate, coordinated effort between society, academia and business. This coordinated effort could produce a situation where a public servant managing a strategic municipal development planning process could become involved in the advanced facilitation of systems that are characterized by complex and non-linear conditions. In a first world country, this would be a lot to ask. In an emerging country such as South Africa, where skills in this regard are scarce, the case for guided development becomes even more relevant.

Functional regions form the fundamental basis for these processes because they have the capacity, within culturally constituted social networks, necessary to form the desired conditions. Economic progress is the function of the capacity to build relations. Economic process may be described as conversation and coordination.

To promote regional welfare requires outrunning the forces of imitation faster than competitors, becoming a moving target through the ability to live and produce faster and better than others. This is determined by economic and social reflexivity - the capacity for groups of actors and various institutional spheres to shape the cause of economic evolution and to shake up environments to their own advantage.

Due to the specific circumstances of South Africa and Port Elizabeth, where cultural diversity reigns, the development needs are very different between the cultures and customer needs are of paramount importance. *Conversation, innovation and co-ordination* as an approach, become more effective than simply a traditional planning approach.

Facilities management, an aspect particularly important post-construction in urban renewal projects - where the issue of corporate productivity is proportionally acknowledged against the provision of facilities - underlines this recent interest in places due to the accelerating need for face-to-face contacts in product development. Places carry the provision of desired externalities and serve as a managerial tool for a value-based business *(O'Mara:1999).* Port Elizabeth, emerging from a low base of development, demonstrated a clear need for urban renewal projects - through public sector investment and combined with the proper management of facilities - to find a new national and international local economic development edge. These projects could be of a *soft* nature - such as security provision - or

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take the form of *hard* infrastructure projects - such as a wide range of infrastructure projects around upgraded urban spaces or redevelopment of redundant buildings.

The extension of the cluster theory with the suggested generative dimension takes the analysis to a dimension of complexity and non-linearity, which needs to be translated into a public planning and territorial development perspective. This transformation is carried out by focusing capacities for the creation of relational bonds between the different actors involved. Urban management, planning and construction are activities that may form a base for this transformation. Place developers and the property market facilitate this process, once again through a specific guided development brief process conducted by a special purpose vehicle, such as the MBDA.

It is the MBDA's position, that if the attempted construction of the cluster in the *Friendly City* does not imply the capacities to create the afore-discussed critical relations, conventions and institutions, the project will result in failure - becoming merely a collective of "sexy and funky" physical projects and initiatives in the form of harbours, buildings and upgraded streets - ignorant of, and therefore irrelevant to, customer needs. This is the core of the criticism against a property and planning-based technopole initiative, an approach which is very evident in the urban planning processes in South Africa and, until recently, in Port Elizabeth. Traditional planning does not always speak to customer needs.

The planning and redevelopment of the Mandate Area of the MBDA involves the planning organization of the City of Port Elizabeth in a changed mode of operation - from a sector orientation, focusing on different planning levels - to focus on a way of working wherein the planners are integrated members of a group of experts, business people, real estate representatives and artists, etc. The mode of operation for planning originates from the needs of the different layers of society or from the network of players that are to form a new product identity. The concrete form is expressed through property negotiations. The needs and wishes, which are articulated in these forums, present the views and perceptions of the planning case from the user's perspective outside of the planning office. When converted into tangible building projects and expectations for the environment, these needs and wishes meet and occasionally challenge the planner's conceptions of the *Friendly City*.

When exploring these needs and wishes, politicians sometimes find themselves advocating from both as the position responsible for urban comparative redevelopment as well as for municipal planning activities. Using a place-related institutional structure, as exemplified by the establishment of the MBDA, politicians find a neutral and objective platform for mediation between these fields.

Based on the key philosophy that private sector investment follows public sector investment and founded on specific market research in retail, residential, office and tourism/leisure/entertainment, the environmental upgrade of Parliament Street and Govan Mbeki Avenue in Port Elizabeth (as discussed in previous sections) serves as a case in point for this kind of mediation, resulting in a revised organizational pattern between the city planning department and the MBDA. Saki Macozoma, Chairman of the MBDA Board, once referred to the approach as "cooperative confrontation" (A sp*eech delivered at the opening of the redeveloped Athenaeum Building 16 June 2011).*

This occasion may be interpreted as a shift from a merely government-based view of planning to a discourse where the broader place-related conditions are allowed to take a more

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dominant role. In the view of this shift, the fact that officials or politicians of the NMBM are not represented on the Board of the MBDA, but that they are part of the development forums, has new significance. The MBDA is not merely an alternative to PPPs, but represents a new institutional structure for the governance of place redevelopment. With a Board of Directors, appointed from different walks of life (e.g. business, academia, legal, accounting, art, sport) and with instructions and instruments divergent from those in the NMBM, the MBDA complements and provides an opportunity for the political leaders to govern the re-development of the MBDA Mandate Area. Politicians are at arm's length (i.e. not represented on the Board of the MBDA), but are enabled the opportunity to develop these complex projects together with leaders from business, civil society and academia without a direct political involvement.

13.5 Place redevelopment and the urban agenda in review

Urban planning can only make its rightful contribution to the economy if it is performed in response to customer needs, i.e. making financial and economic sense by adhering to the *pulse* of the market. In *The Pulsar Effect in Urban Planning*, which highlights the outcome of the 38th International Society of City and Regional Planners **(ISoCaRP),** it is explained that any attempt to resolve problems of urban planning must be associated with *pulses* and thus will more likely help to establish new paradigms, new methodologies and techniques, which can subsequently be applied to mainstream practice with considerable benefit *(Beriatos and Colman: 2003:15).* Urban professionals working on pulses and their effects need to recognize that traditional and well-tested rationales may have to be discarded as the pressures of urgency call for expedient procedures, research and analysis and an assessment of supply and demand. This requires systematic multi-disciplinary, multi-sectoral approaches, harnessing skills from all social, environmental and design sciences, as well as from traditional core planning disciplines. It is these pulsar effects that are often ignored in urban planning, resulting in unsustainability. Planners should undertake dynamic planning where feedback is always available; information should also be constantly updated; pulse events should be monitored and their impacts quantified. Democracy demands thorough participation of citizens and a well-organized decision making process *(Beriatos and Colman: 2003:15.)*

When measured against the formal system of planning, the findings of the case study, wherein the MBDA acts as a mechanism to transform traditional planning, indicate a fundamental re-appraisal of urban planning. The qualifying territorial network development process is complementary to the traditional South African planning system, meeting the requirements of such a system when transformed into an urban development agenda. South African planning regulations are based on a rationalistic model of planning, presuming that it is possible to follow a pre-defined structure for the planning task. The backbone of the South African planning system comprises a comprehensive plan, the urban briefs (supplemented programs) and a detailed development plan. In general, the formal planning process can be viewed both as a regulatory instrument and as a strategic development document. The process followed by the MBDA is more than just the traditional South African planning context and is complemented by an urban brief that aims at adjusting the comprehensive plan according to the customer needs – the core process in preparing for detailed development plans.

The specific case of the MBDA shows that the traditional planning instruments on their own, in an urban renewal environment are insufficient in their ability to achieve a desired development, although intentions such as achieving competitiveness, together with

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sustainability and vitality, are explicit goals in the comprehensive SSIF for the Mandate Area of the MBDA.

According to *Castells and Hall (1994)* the shift in the view of planning corresponds with the need to create pre-conditions for competition rather than to serve as the tool for regulation *(Castells and Hall: 1994:240). Castells and Hall* conclude that the rationalistic model for planning is challenged by these types of goals. This model needs to be revised to consider a more complex planning model, adapted to the need for feedback from experiences gained in the planning process. This requires a shift in planning, from a linear chain of government, to governance via networks and partnerships which are more apt to develop solutions for complex problems. The revised planning model is informed by the new experience gained and takes on new connotations reflecting these. *Development planning* becomes an answer to a situation where realization is integrated with drafting the plan. It becomes an enabling planning environment.

The globalized economy requires change in the conditions for urban redevelopment. New stakeholders claim a role in the process in order to avoid situations where investment in the urban environment risks becoming an isolated step that does not provide value for money. The counteraction for this is partnerships with mutual dependencies that assess values attained by joint action. These partnerships are often focused on conditions concerning a specific place, underpinning the uniqueness of the local culture in contrast to other local cultures. This concern with places is actively constituted through social relationships of daily life. The role of planning in cases of transformation is to become a part of building such systems based on customer needs. By this, the *place* has become a strategic tool on which progress depends. It is this process of *place-making* that prompts residents, business or tourists to stay or even pursue a process to help them to survive in tough economic times.

During the build-up phase of these processes, the property market has a vital role to play. It is the *coal-face* of consumer needs and it lays the groundwork for a deeper involvement in the planning process, resulting in the constitution of a capacity for building the dynamics of the local economy. It is the experience in Port Elizabeth that planners have almost neglected the influence of property action and investment parallel with planning efforts, opting rather to assume that the property market would routinely follow the pattern in the plan or that other public sector initiatives would fill the gap to promote development. This neglect of the influence of property market action and investment, parallel with planning efforts is evident where private sector involvement is not forthcoming in its response and where planning is not undertaken in direct consideration for economic and social needs.

The MBDA case study demonstrates a pattern in which the urban initiative operates in balance with stable property market interrelations, developed through consideration for property market affairs. Property carries an agenda and lays the groundwork for the creation of strategic corporate advantages for specific locations, whether the value of these locations is in residential, business, office or tourism/leisure/entertainment investment. The challenge for the planners is to find ways to work interactively with these processes. The MBDA as a facilitator, makes it easier for the planners to work in this direction. The potential implications of investors possibly losing their foothold in the address of user needs can be avoided.

Local planning is therefore drawn into the management of local economies. The quality of places in the local economy becomes part of the competitive capacity of a region. LED

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strategies have to draw on the specific local characteristics of places. Locations and sites become assets to exploit a situation, with a dependency on dynamic firms and national as well as global relationships. The capacity for forming local land and property development activity is the key ingredient in the challenge of *place making*. This in turn is the key to creating urban competitive advantage in the global context. This thesis demonstrates how, land and property activities are linked with planning tools to demonstrate how a particular place can add value to the residential, tourism and business world.

The different sectors of society, e.g. politicians, business people, civil society, youth, etc have to develop methods to conduct this dimension of interaction, although this needs to be coupled with the fundamental claim for privatization.

13.6 The reflexive forum setting

The qualities of the urban development process at the MBDA have a resemblance to *Storper's (1997)* notion of reflexivity. Relations, dialogues and personal bonds are created, using the involvement of a variety of stakeholders. In Port Elizabeth the stakeholders range from the Port Elizabeth Regional Chamber of Commerce and Industry **(PERCCI),** the National African Federated Chamber of Commerce **(NAFCOC),** the university's architectural and construction management departments, architects, urban designers, engineers, business people, artists and members of the public. No one can point out who is ultimately in charge of the informal system. The MBDA serves as a platform for these stakeholders to raise their concerns. The interaction, transcending organizational formality is promoted by strategic enablers. In this case such a strategic enablement role is formed by the institutional structure in and around the MBDA.

This kind of planning facilitates learning, with planners taking part in the cultural changes of the place. Interactive strategies are not an outcome of objective and technical processes, but are rather actively produced in a social context where firms, households and other actors bring their frames of reference and special skills to the task.

Traditionally, planning departments have been relegated to the development control function in combination with far reaching strategic matters. These situations are based on the idea that planning is a linear and foreseeable activity. In reality though, complex power struggles form the background to incremental decision making where analysis is often fragmented. Through a purposefully designed platform, there is a need for co-ordination across organizational boundaries.

In these situations, traditional government structures are inefficient. The setup of a temporal forum outside the formal government structure may be a solution. The MBDA provides a structured model to address and facilitate disordered complex situations involving many actors of competing interest. With reference to the discourses of innovation and triple helix discussed in relation to the case of the MBDA, this kind of forum will arrange that actors come together and may be a tool to create the necessary dialogues. This is also the term for the creation of reflexivity *(Storper: 1997).*

Framed by a reflexive forum setting, groups of actors can suggest mutually favourable ideas in a mood that is often based on frame reflection. When projects become tangible and consumable, they may actually lend themselves to pragmatic resolution through design

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rationality. In a reflexive forum this is added to the capacity to shake up favourable conditions through social processes.

In the case of the MBDA, the point of entry to this discussion initiates through the concept of selling-sketches and designs of newly identified urban renewal projects. These projects carry the dialogue between the planners and business, with the MBDA as a strategic broker and facilitator between different parties and interests. The actions of the MBDA may be seen as a temporal forum, working strategically with the overarching of different logics and frames of perceptions between the planning authorities and the market actors. Using the conditions of reflexivity, this forum is capable of continuous adaptations of goals and means for the process.

This strategic action is carried out within the frames of different briefing situations, involving many persons of different skills, competences and institutional platforms. The City of Port Elizabeth, the government and corporate management functions were involved in a strategic briefing process on a very high level when the urban renewal cluster was conceptualized. The discussion was directed through the MBDA, its Board and management and was interactively tested against its commercial viability through extensive research in retail, residential, office and tourism/leisure/entertainment. The final test will be in the positive response of the private sector in a rapidly changing property market. In the described manner, the MBDA's urban renewal project development brief was a formal instrument for the City's planning department to prepare for a partial revision of the City' comprehensive development plans.

The initial SSIF or Master Plan of the MBDA was converted into a local Spatial Development Framework **(LSDF),** a legal document adopted by the full City Council. It also represented a strategic and reflexive mutual forum, where the firms and the planners could form a dialogue concerning the elements of what the materialization of an urban cluster would look like. The project sketches were briefing instruments that focused corporate and community views onto the planner's perspective of the project.

These briefing activities went on simultaneously in different levels of the forum setting, but were also inter-connected through the MBDA in the way that the MBDA continuously monitored the process underway via considerations concerning quality, implementation and finance. The system was inter-connected throughout, rather than implemented in incremental allocations across different departments. *Bottom-up* forces were interactively monitored against *top-down* analysis. This process was framed by the bounded/designated Mandate Area.

13.7 The briefing process through the RFP mechanism as a core process for enabling

The creation of these conditions presumed an active fertilization of cross cultural dialogues concerning the common environment, involving participants from the civil community, the professional community, the business community and from government departments. While formal participation is regulated and carried out through the MBDA's RFP processes, creative and innovative involvement, presumably from the business community, seeks participation in other ways.

Creative participation is possible to achieve using the briefing processes through the RFPs, from a corporate point of view based in the situation when a new project is considered. This

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situation is illustrated by conceptual sketches, serving as a tool to create input from the respective stakeholders. These conceptual plans form a base for market tests between the MBDA and private actors. These sketches and linked negotiations form a tentative element in shaping the urban brief.

Briefing is thereby a core process for shaping a qualifying territorial network development process. *Blyth and Wortington (2001)* consider the briefing process as an iterative and creative process that involves all parties. The challenge is to build appropriate relationships between different actors. The brief is also the initial step in a design process, characterized by the solving of problems often based on cultural differences, bureaucracy and different local governmental points of view.

In a value based strategy, briefing may be used as a tool to strengthen corporate positions corresponding with business plans. *Blyth and Wortington (2001)* stress the role of feedback in these processes going as far as to mention the possibility of reverse briefing - by which they refer to a process where you start with a prototype (often being controversial to get the debate going, triggering "co-operative confrontation"), evaluate a plan's shortcomings, and adapt it to the specific requirements. Reverse briefings have similarities with the prescribed *selling the plan* process at the MBDA. This idea of *briefing*, challenges the traditional generic classification of briefing of different categories; urban brief, strategic brief, project brief, etc.

Reversing the process of briefing seems to involve all these kinds of briefings interactively. The idea of reversed briefing elaborated upon by *Blyth and Wortington* has a resemblance to the observed process at the MBDA, although the case shows even more involvement of stepwise strategy, visions and implementation as part of the process.

The studied activities at the MBDA can be seen in the context of process urban planning and architecture, where transformation as the result of the user's invention is stimulated in a custom tailored process. In these processes the participants become more aware of what the workplace really means to them and how work is actually done. The projects become *thought triggers* which stimulate innovation and learning. This kind of broad creative engagement is considered to be a necessary development tool in an unstable and rapidly changing world.

The successful handling of these processes has the capacity to create a re-understanding of a situation, which is the basis for forming and implementing a new strategy. New knowledge and new routines become embedded in the new solutions through the organization of learning through interaction. Process managers with a capacity to foster the process are a critical component - and one of the best possible outcomes of the process - as experienced and skilled project managers in Port Elizabeth are a rare commodity.

Process architecture and organizational learning bear a resemblance to both the concept of *reflexivity* by *Storper (1997)* and the notion of *frame reflection* by *Storper (1997)*, the core of which are looked upon as the capacity for a continuous redefinition of the conditions for development.

Using briefings - understood as an act of collective, participatory design - the field of planning is re-entered with new knowledge of processes of enabling and with regard to methods that shape situations wherein the quality of reflexivity is built into the system. The discourses of briefing close the loop between the necessities of linear thinking and planning

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and urban implementation and the contradictory necessity of non-linearity and complexity built into systems of innovation.

The handling of the briefing processes has more similarities with an innovative than with a traditional linear planning process. What is specific and what differs from ordinary comprehensive planning is the dynamic situation; an ever changing situation in the City of Port Elizabeth. The *place* is developed in an interactive and iterative interplay between the generation of ideas, planning, politics and property development.

Throughout the briefing process there is a continuous feedback loop wherein readily developed parts, or tentative suggestions, affect and adjust the road map.

13.8 The dynamic process brief

The process of calling for design proposals through the RFP process can be looked at as the management of an innovative product and project development. The dynamic systems are characterized by the participation of many agents. New knowledge areas are involved when new players appear. Innovative development in such systems is often a result of the interaction between people when the analysis is supplemented by a dialogue-based action.

An outline of development objectives is ascertained using an innovative push where advantageous information gained through selling efforts (i.e. task sketches) is used before the product or project has been developed to its final stage. Transformed from innovative product development, the corresponding concept of an innovative urban initiative, as described in the case of the MBDA, is characterized as a dynamic process brief. Complex and contradictory ideas and demands, originated through a broad and mutual discussion around easy task sketches, are transformed into manageable projects that formulate in the planning document.

The process facilitation performed by the MBDA, as a new kind of participant expertise in *place making* redevelopment, can be categorized as an imperative to participative planning. Analysis in the city's government-based planning system is complemented with broader government-based development objectives in which competitive advantage in corporate strategy shares an agenda together with urban development.

The dynamic process brief forms part of processes for simultaneously developing the ideas context, and the planning and environmental context. The customer or market place becomes an active and participatory agent in the urban process - rather than a passive consumer of retail, residential, tourism/leisure/entertainment and office space with presupposed conditions. The urban design process becomes a competitive advantage for businesses, smaller firms, who together develop the product-based cluster, shaping places through the facilitation of the MBDA.

The action is concerned with the future context that cannot relate to analytical methods. Before the need has been identified using this mutual and iterative process, there is no answer to investigations and planning. The need is gradually being built up in the market by trial and error. This kind of enabling planning originates in the user perspective, taking into consideration society demands. The developer/facilitator has eyes and ears in the whole chain, from the early innovation-based project, to finance, construction and engineering, to new consumers, new markets and insight into new societal needs.

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Based on a rough and overall picture of the desired goal, the urban structure is created in an iterative interplay between strategic planning visions, selling efforts, sketching, formal planning and foremost, construction and development activities.

13.9 Dynamic place initiative and the reflexive forum setting

The case of the MBDA illustrates how the rationality of planning depends upon the structures of enabling of a qualified territorial network development structure. The government-based system of planning, represented by the Port Elizabeth City Planning Department, is supplemented with the enabling, governance-orientated and place-related development partner, namely the MBDA. The new body and related institutional structures answer for the totality of an advanced urban redevelopment initiative through its own structure and politically determined Board representation.

It is part of the representative democracy. The MBDA acts as an interface between the market and the government system. It is bounded by the territory called the Mandate Area, rather than by departmental semantic restrictions or by resemblance to abstract scientific systems. The instructions and tasks are within reach of the place, from strategic urban concept development and relationship building, to financing, implementing, managing and privatizing the structure.

The MBDA represents a new institutional setting, which within the frames of a temporal reflexive forum creates a unique qualifying territorial network development process. The MBDA finances the action via the company's balance sheet, a balance sheet that was created by the transfer of derelict brownfield and greenfield properties from the NMBM. The Agency is not completely reliant on using the tax base of the Municipality. The MBDA instead generates financial capacities through activation of latent values inherited in a vast property portfolio owned by the NMBM.

The actions of the MBDA promote the development of the territory in all its complexity, based on the capacity for dynamic strategic urban action, together with various partners, followed by privatization and private sector investment. In institutional terms, the MBDA acts as a broker between the rationality of the government system, real estate activities and the complex settings of an innovation-orientated corporate market, co-operating with the business environment, university and other role players. In totality, the MBDA can be viewed as a tool for governance and a complementary arm to established effective government structures.

The financing capacity for a vast urban initiative is solved using a revenue stream generating portfolio of devices such as lease income, advertising and, to a lesser extent, funding received from other organizations, such as the NMBM and IDC. The limited capital in the company is used to initiate construction projects together with customers/businesses. After the initiation, which comprises strategic urban action, revised comprehensive planning, detailed development planning, architectural design and construction of the building, the project is completed to meet consumer needs. The MBDA oversees the entire chain of plans; procurement, design, development, implementation and, more than often, even maintenance of completed municipal upgraded areas. In addition, the MBDA oversees matters of strategic urban development and privatization through different partnerships in the Mandate Area. This reflexive forum setting can be seen as a temporal and place-based tool for governance of

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redevelopment, through which a step-by-step, object-related privatization can be turned into a commercial reality.

The using of a Mandate Area and applying the principles of a qualified territorial network development process; using the enabling tools of the dynamic process brief through the RFP process; and the facilitation and finance of the implementation through contextual development capital, as mentioned above - the overall result of this process, is referred to as a *dynamic place making initiative*.

The specific development forum approach for a specific project needs to address a number of issues prior to the appointment of the final forum panel. These issues are:

- **Posing the problem**
  What is the issue that requires a solution? Who are the relevant actors? Can spokespeople be identified to represent specific groups?
- **Interest**
  Can these relevant actors be interested in the solution to the issue? What terms of commitment are there, and how can they be convinced that their own interests will be served?
- **Enrolment**
  How can these common interests be converted into potential associations? Do the different actors also accept their roles, or can these roles be geared to the available resources?
- **Mobilization of allies**
  Is there broad support for the expected outcomes? Do the spokespeople actually represent their respective constituencies effectively? How can the actor network association be embedded in a wider setting?

After the planning issue has been formulated or the problem has appeared, a seven-step scheme - developed by *Boelens (2009:196)* and adapted for project management purposes at the MBDA - should receive its own interpretation and elaboration for each case. The scheme has already demonstrated its effectiveness in the MBDA for a variety of themes and planning issues, with varying success:

- *Interpreting the problem by determining the focal factors and unique core values*

  This first step consists of (a) the identification of the primary project/problem and (b) an analysis and joint determination of a city, an issue or an entity's unique core features. The latter may be referred to as the *focal factors* of importance. This step is fundamental - as planning issues are still something formulated without clear focal factors; not only in the public, but especially in business and civic society.

- *Actor identification and actor analysis*

  After the unique core values and any controversies concerning them have been settled and (civic/business/public) focal factors have internalized them, the second step is the identification of possible leading actors who feel connected or contend with these core values, or who see new opportunities and possibilities for themselves. They may be

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actors who live, spend time or work within the locality, and/or who seem to have some fundamental involvement with the issue in question.

- *Opportunity maps and developmental possibilities*

The third step consists of compiling opportunity maps and/or developmental possibilities on the basis of the analysed internal motives and drives of the identified focal and other actors, with a view to the conservation, reinforcement or harnessing of the unique core values of the issue or city concerned. In principle, all available urban development and planning instruments should be used here: preliminary research and analysis, rough drafts, elaboration of detail and plan proposals, cost/benefit analysis, appropriate regulations and jurisprudence, attractive designs, 3D models, etc.

- *Bilateral talks and round tables*

The fourth step is then to discuss the opportunity maps compiled throughout the process thus far, in bilateral, trilateral and small round table discussions involving between 5 and 15 people. In principle, this is where the focal and other actors first come face to face. The objective is to ascertain how far the compiled opportunity maps (illustrating the course of development) meet expectations and whether the plans can reasonably be expected to meet customer needs.

This is the first real test of the process, because the actual level of interest is often revealed from this willingness to invest. Investment is interpreted here in a broad sense, i.e. money, expertise, manpower, the promotion of commitment, etc. (with reference to the stakeholders in the business, civic and public society). However, extensive talks often bring to light a distinction between so-called *pullers* and *pushers*. *Pullers* take the initiative and are often more active and enthusiastic about elaborating an opportunity map further in accordance with their own and surrounding viewpoints (according to the identification of leading actors), whereas *pushers*, partly in view of their status and/or orientation, take a somewhat more passive, more facilitating and/or more "wait and see" approach (*Boelens:2009:199).* Even so, the actor network association, which could be established here, is the basis for the rest of the process. Where necessary, the opportunity map is adapted accordingly.

- *Business cases and pilots*

A further step concerns a first possibility (a kind of tentative strategy) of developing new opportunities, which may be endorsed, but still needs to be proven in reality. To this end, the fifth step is testing of the *proof in the pudding*. The associated opportunity map is put into concrete form in one or more business cases - in effect, pilot projects - for specific project components. This is the second real test of the process, as the ultimate division of roles is now determined far more concretely (*Boelens: 2009:203).*

It is precisely herein that the project's make-or-break point lies. If there is failure at this point, it will be difficult to return for rediscussion of the identified core values again, but if there is success, it often turns out that there are further implications and

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even spin-offs in other areas. This means that the project may have far broader effects and associations than originally expected.

- *Regime development and general plan outlines*

  If the previous step has led to a range of successful and promising cases, the sixth and next question is whether or not it is possible to achieve project-transcending spatial added value that corresponds to the unique core values of the issue or city in question. The term *regime* is used for this concept, referring to the broader and durable planning networks. Whether this is initiated by the original focal actor, or another dominant stakeholder, consideration is given to the reinforcing potentials of the separate cases, or to the mutual inducement of some form of project-transcending planning strategy. This must primarily be undertaken to enhance the value of the cases and projects as such and overcome the main obstacles given the harsh contradictions of (main) interests.

- *Democratic anchoring in special districts*

  As a final seventh step, it is necessary to see how far this new spatial development regime can be anchored in associative democracies. This step focuses on parallel made-to-measure democratic organizations to which the affected households, businesses and institutions can affiliate of their own free will, because they will benefit from doing so. These organizations can also raise financial resources themselves and/or demand membership fees, set public rules, formulate a program for a specific project and appoint an authority, which could be held accountable for its achievements and revenues at periodic intervals. This is regarded not as an alternative, but as a supplement to the current centrally organized institutions and representative democracy. From the political viewpoint, and with respect to those items which need to be centrally organized, this should fit more closely within the decentralization ambitions of governments and voluntary democratic organizations (*Boelens: 2009:208).*

Chapter 14 will reflect and draw conclusions in a thesis that made an assessment of the theory and told the story of the MBDA. The objective was to demonstrate how a competitive urban renewal cluster is formed through a *bottom-up* approach to make a positive contribution to competitive urban-renewal-driven LED.

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PART FIVE

CONCLUSIONS



A local artist at work in the redeveloped Athenaeum Building (redeveloped by the MBDA as an arts centre for local artists)

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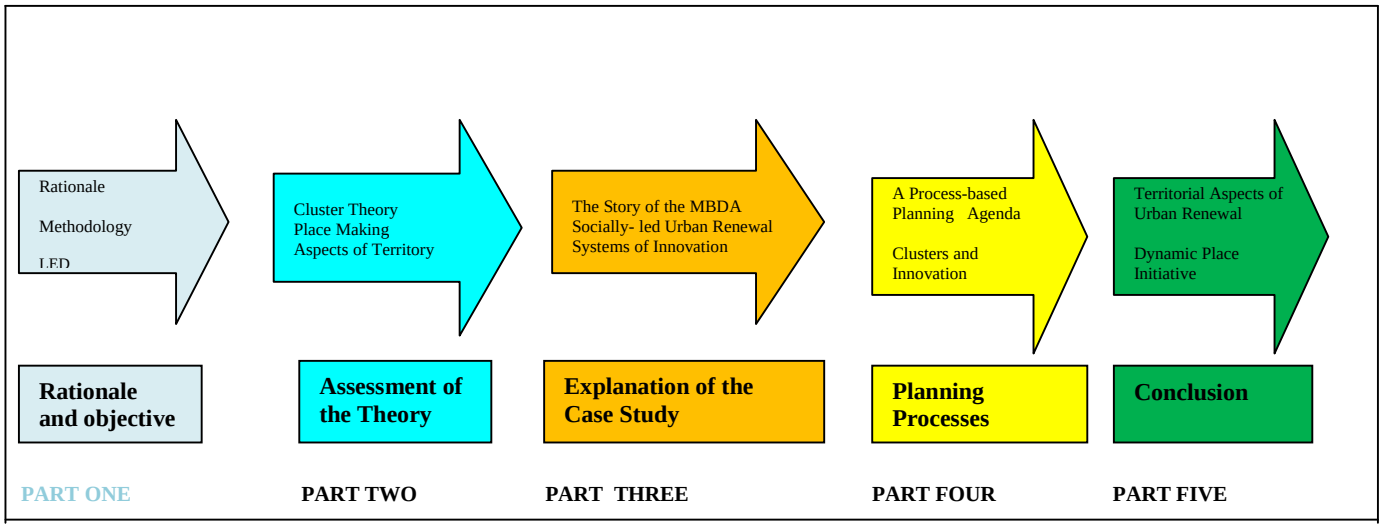
THE EMPHASIS OF PART FIVE



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CHAPTER FOURTEEN

REFLECTION AND CONCLUSION



The "Big Flag" (the highest flagpole and biggest flag in Africa) on the Donkin Reserve

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14.1 Introduction

This thesis examines the utilization of urban renewal as a tool for the creation of an urban growth node to contribute to local economic development through a focused special purpose vehicle.

The discussion is concerned with what implications these conditions will have on planning and institutional conditions for urban development. This is discussed against the backdrop of a case study regarding the formation of an innovative cluster around residential, retail, office and tourism/leisure/entertainment in the CBD and Central areas of the Mandate Area of the MBDA.

14.2 The relevance of the MBDA

It was found that the urban development process served as a support structure for the recreation of an urban growth node, given the specific market circumstances in the Mandate Area of the MBDA. A revised model for planning and development was put into practice, which served both as a tool for enabling an urban renewal corporate strategy and an institutional structure for urban renewal. A set of work methods was identified during the analysis. In this thesis, this set is referred to, as a *dynamic place-making initiative*, implemented with the formation of a special purpose vehicle specifically designed for facilitating the initiative.

Although the development process within the Mandate Area of the MBDA is still in its initial phase, it is reasonable to argue that the tailor-made methods that have so far been put into use have been relevant in achieving the desired outcomes. Expectedly, this process will further evolve over the years to come. With the implementation of the dynamic place initiative through soft and hard infrastructure projects, critical mass has accumulated that is unlikely to be terminated or significantly deviated from.

The methods can be seen as another approach to urban development by forming an alternative to traditional tax-financed development schemes (basically municipal funding, which is scarce after the provision of normal municipal services) and to solutions based on various forms of public private partnerships. A well-researched foundation is laid through public investment, but it is the response of private sector investment that creates the multiplier urban renewal impact.

In the light of urban renewal development discourses, it is obvious that vast regeneration schemes have to be firmly anchored in user needs, considering a place as where people live, work and play. Such user needs differ from place to place and city to city. Related to the MBDA case, such market-specific needs were catered found to be best catered to in the aim of cluster formation as an embedded quality of the urban context of the *Friendly City*. *Place* becomes central in the approach. The cluster theory is mainly descriptive. It does not explicitly discuss the possibilities of achieving the desired qualities from the perspective of public planning.

For planning, the crucial question must be whether it is possible as a deliberate effort to enable the desired qualities to integrate with an urban development initiative.

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As in the case study, it is suggested that the link between the cluster discourse of action with reference to public planning, demands an extension of the factor conditions of the cluster theory. This extended factor condition has generative capacities wherein urban development and corporate or researched strategies are integrated qualities. This process is in this thesis, referred to as a *qualifying territorial network process*. The process is *qualifying* in the sense that it involves partners that aim at upgrading both the environment and product-related activities. *Territorial* refers to the common interests dictated by the upgrading of services and infrastructure within the mandate area. The *network* development process refers to the ambition to create the necessary synergies in the place.

The *dynamic place* process grew from local conditions. It is not something that can be copied from any other city, but is a home-grown and a well-researched initiative. For many years, the City of Port Elizabeth was an economy with no diversification into the tertiary industry, but was based purely on motor vehicle manufacturing and related industries (the secondary industry). The MBDA co-operated with a range of private and public agents to find ways to address the intricate redevelopment of the derelict CBD, Central and port areas.

Ultimately, an urban renewal cluster has been identified as a regional or city strategy for local economic development.

In order to fulfill in its mandate, the MBDA developed a tailor-made, institutional structure and a SSIF, often referred to as the Master Plan (now converted into a LSDF), through an extensive research process in retail, residential, office and tourism/leisure/entertainment, conceptualizing and generating new development through infrastructure, to eventually be followed by privatization and private sector investment. The philosophy that public sector investment is always followed by private sector investment was adopted. The MBDA facilitated a range of interests in a structure of co-operation between the political system, the government functions of the City, and corporations/businesses with related systems of production.

This thesis examined the conditions and structures behind the observed activities and results. The process followed the lines of the general ambitions of the cluster regarding targeted corporations and organizations, their personnel and related quality standards. The term *urban renewal* was an unknown term in Port Elizabeth and a change in mindset was as important as the implementation of urban renewal services and infrastructure.

The results were formed by a highly specific process, answering to the structural conditions in the City of Port Elizabeth. A crucial question is whether the observed structures are unique, or if the experiences or parts of them are replicable in other situations, i.e. could the model be introduced in a town such as Welkom in South Africa or any other town or city in another part of the world? This question will be addressed in the following sections.

14.3 The dynamic place initiative and development finance

The activities of the MBDA in the Mandate Area were possible to describe as, *an extended factor condition of a qualified territorial network development process, generative both through the simulation of user needs and through the capacity of vast mutual investments in a specific area*. Generally, theories concerning systems of innovation and clusters, as it is understood, address the quality of financial capital as concerned with product-related research and development. In the case of the MBDA's Mandate Area, financial capital is concerned

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with the development of the environment where product innovation is an embedded quality. The creation of the MBDA and its SSIF was the outcome of the initial cluster development process. It also needs to be stated that any plan such as the SSIF is only a good plan if it is functional in its application. Urban renewal success and the implementation of the SSIF are measurable/proven in the investment response from the private sector (through the desired private sector investment).

It follows that a major generative force originates from the resources of a specific area. One can refer to these resources as *contextual development capital*. The *capital* emanates from the urban context through enablement of the latent value of the land, particularly the land of the NMBM and parastatals, such as Transnet. The process of enablement is institutionally framed by the balance sheet of the NMBM through the MBDA and is used as a lever to take on the development of the entire Mandate Area. Making an assessment of land within South African municipal boundaries reveals vast areas of land in the hands of municipalities, parastatals such as Transnet, the Department of Public Works and the South African Defense Force. Many of these parcels of land are not generating any revenue streams and as such, become perfect to use as a lever for economic growth - particularly where their originally intended use, has become non-feasible.

The case study illustrates that this process was incrementally undertaken in a *puzzle-like* project-by-project fashion, with the MBDA acting as an initiator and as the principle commissioner of leasing land for development purposes. The Tramways Building was used as a case in point. In this regard, the MBDA acts as the institution with a rolling balance sheet, releasing land on behalf of the NMBM through a proper procurement process.

The process was enabled by a tailor-made institutional structure within the NMBM, represented by the MBDA, dedicated only to operations in the defined area of the MBDA.

The contextual development capital was extended to carry the entire urban redevelopment project of the Mandate Area. The City, through a combination of regular governmental structures and the temporal institutional structures of the MBDA, has created the capacity both to manage the principles of the development of the Mandate Area and to privatize NMBM property through a long term lease process. The aims indicated in the SSIF in terms of retail, office, residential and leisure/tourism/entertainment are being fulfilled incrementally.

Although the implementation of hard infrastructure is important, a further question is how the corresponding soft infrastructure has been achieved as part of the dynamic place initiative. As mentioned previously, the additional security and cleansing systems created through private sector contracts in specific areas, were not taking over or replacing the work of the NMBM, but complementing the NMBM's efforts and raising the level of service by 30%. *Getting the basics right (SSIF: 2005: 5)* is the cornerstone of any urban renewal approach.

14.4 A content perspective on the dynamic place initiative

A successful implementation of an innovative environment must comprise both the rational instrumental aspects of territorial development and the complex user orientated perspectives of relation building, learning and innovative product development. It is understood that the cluster discourse is concerned with the explanations of economic driving forces, more than with prescriptions concerning efforts to create environments with the desired qualities. If

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viewed as a process of innovation; action must be based on the understanding of economics as a system of relations, synergies and capacities for learning.

Local environments that hold a strong position in a perspective of national and global competition are generally characterized by such complex conditions, coupled with a solid product identity which carries a common language for continuous learning. Framed by a territorial dimension, groups of actors in these product-based contexts can shape the course of economic evolution to their own advantage. This concept is referred to as *economic reflexivity*.

This study discussed how this kind of system can be made operational in an urban planning situation. In the case of the MBDA and its Mandate Area, the ambition was to forge together construction processes of territorial development with complex user orientated perspectives of relationship building, learning and innovative product development. Those who worked with the facilitation of these processes realized that they acted in two different rationalities, interactively applied throughout a single working day.

Conditions of complexity and non-linearity had to be carefully addressed within a system for urban planning and development. This was undertaken by means of a tailor-made institutional structure, the MBDA, an entity able to convey the conditions of innovation to rational structures of planning and *vice versa*. In this study, this setup is referred to as a *temporal reflexive forum*. This forum served as a place-specific complement through the governmental structures of the administration of the NMBM. The reflexive forum, managed by the formal body of the mandate area, holds the capacities for the intended relation building and instrumental action of building and construction. The intention behind this setup is to facilitate dialogue in all directions; between politics, product owners, planners, universities, customers, financiers, construction and real estate – thereby activating the necessary qualities for the new area.

The dialogues were to a large extent based on different briefing processes through the RFP mechanism. The dialogue with the business institutions originates in the questions concerned with the new location, which from a corporate perspective, had to address globally competitive standards. The dialogue with the NMBM's Planning Department originated in the call for the revision of the urban plan. The two processes were linked together through a series of *bottom-up* tentative sketching, interactively meeting *top-down* planning forces. In this process, reference is made to the term *dynamic process brief*. The briefing situations - from a design and construction point of view - shaped an institutional capacity for fostering far-reaching discussions between a range of actors, which produced the necessary links with user needs. This forms the tangible input for urban planning.

In the concept of the dynamic place initiative, the dynamic process brief served as a forum for mutual thinking and learning. Through this learning process, perspectives were mediated between different cultures – political, corporate, developers, planners - and a common language was gradually created around the theme *urban renewal*.

It has been suggested that changes in the technology economy system need to be matched with corresponding institutional adjustments. It is advocated that the dynamic place initiative, as it was developed in the case of the Mandate Area of the MBDA, represents such an institutional change. A generative capacity was created through a qualifying territorial network development process. This process was framed by the place-specific temporal

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reflexive forum setting, which in the case study of this thesis was managed by the MBDA. In a long term perspective, the emerging and related organization of the MBDA will be involved with this management of enabling structures.

14.5 The planning agenda and the interface with user needs

"The major urban challenges of the 21st century include the rapid growth of many cities and the decline of others, the expansion of the informal sector, and the role of cities in causing or mitigating climate change. Evidence from around the world suggests that contemporary urban planning has largely failed to address these challenges" – **Ban Ki-moon, Secretary-General of the United Nations**

Urban planning has been under pressure over time to adapt to changes in the market place. A number of countries and cities have adopted some promising innovative approaches in recent decades. The MBDA approach is a case in point and the case study of this thesis.

Some of the approaches worldwide include:

- **Strategic spatial planning** which does not address every part of a city, but focuses on only those aspects or areas that are strategic or important to overall plan objectives.

- **The use of spatial planning to integrate public sector functions,** including the injection of a spatial or territorial dimension into sectoral strategies.

- **New land regularization and management approaches,** which offer alternatives to the forced removal of informal settlements or neglect.

- **Participatory processes and partnerships at the neighbourhood level,** which include participatory urban appraisal, participatory learning action and community action planning, including participatory budgeting.

- **New forms of master planning**, which are *bottom-up* and participatory, oriented towards social justice and aiming to counter the effects of land speculation.

- **Planning aimed at producing new spatial forms**, such as compact cities and new urbanism, both of which are a response to challenges of urban sprawl and sustainable urbanization (*Planning Sustainable Cities: Global Report on Human Settlements: 2009:31.)*

However, in many developing countries, older forms of master planning have persisted. The most obvious challenge to this approach is that it has failed to accommodate the ways of life of the majority of inhabitants in rapidly growing and largely poor and informal cities, and has often directly contributed to social and spatial marginalization *(Mutizwa-Mangisa:2009:16).*

Unfortunately, urban planning systems in many parts of the world are not equipped to deal with this and other urban challenges of the 21st century and, as such, need to be reformed.

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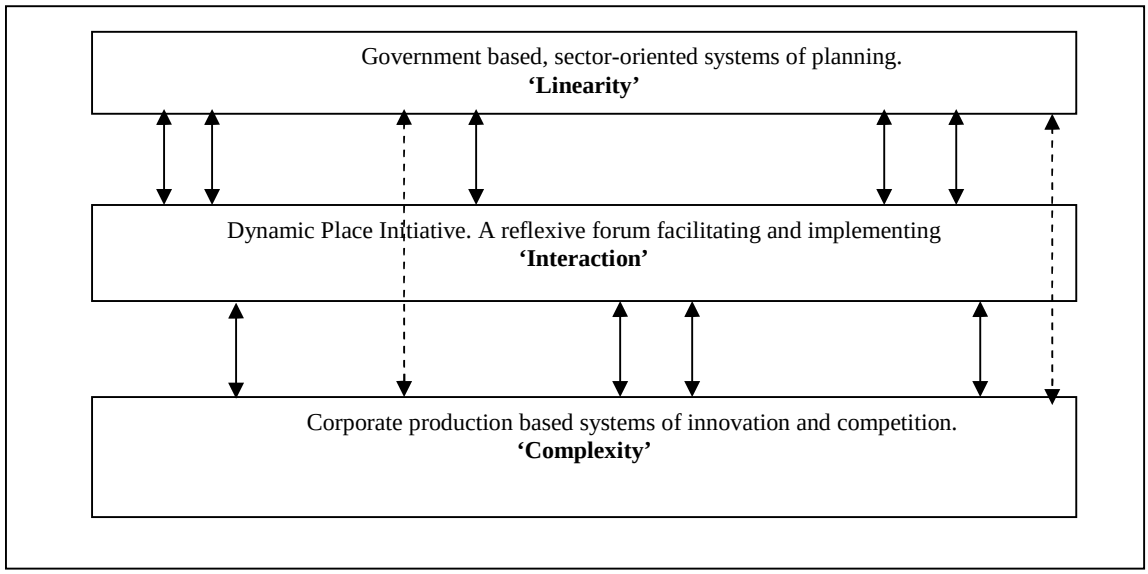
If urban planning is to play a more effective role in sustainable urban development, a number of fundamental changes are necessary.

In the development of a mandate area for the MBDA, strategy settings for the urban redevelopment scheme were carried out in the interaction between the political management of the city and the officials and representatives from the corporate sphere. This process was mediated by the MBDA. The resulting strategic agenda represents an interpretation of global economic *top-down* forces, converted through the reflexive forum, into a local mutual corporate and urban strategy. In the following steps, this interpretation of a strategic agenda was converted into property propositions through the co-operation between the private sector and the MBDA, where the MBDA had the role of monitoring the possibilities of finance and to implement and privatise the propositions.

The expression of corporate needs meets in the next loop, from *bottom-up*, to city planning authorities and a local *top-down* strategy for comprehensive urban planning, expressed through the *Friendly City* theme. The meeting between these different agendas was facilitated through the territorially restricted, reflexive forum, managed by the MBDA. The briefing processes materialized from the multi-party innovative urban ambitions. The MBDA was responsible for handling place-related processes of development, meeting the governmental structures of the City of Port Elizabeth on the one hand, and the complex market-based corporate conditions on the other. The tricky task was to make these disparate systems work together in shaping place standards that address the issue of competitive advantage. ***Figure 43*** provided a diagram to structure this government/market relationship through a temporal reflexive forum.

Figure 43: Government and market facilitated via the temporal reflexive forum



The temporal reflexive forum acts as an intermediate promoting agent that enables the system of place development through strategy making, planning, development, design, implementation and privatization.

Typically, the property market is the strategic enabler of these processes. Society usually manages this dependency on the property market through different public private partnerships, where real estate actors facilitate the interaction between the planning system,

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the market and the user needs. As a result, the vital parts of the innovative dialogue between market/user needs and society, are blocked. Politicians and civil servants are enclosed in either formal forums for planning participation or informal/open-ended forums of contact with the business community.

The dynamic place initiative, as it was developed in the Mandate Area of the MBDA, bridges these barriers. The MBDA is a formal organization with the NMBM as its parent municipality, led by representatives of the political community. The organization has the capacity of both facilitation and implementation via strategy making, planning and property action. Instead of a radical privatization of the entire land ownership in the Mandate Area, owned by the NMBM and other parastatals, or a dedication of the property action to private public investments, the political leadership of the City made a choice to create the promoting agent, acting in the interface zone between the public, the business community and the property market.

Through this process i.e. leasing state property to the private sector on a long term lease basis, the City or parastatal maintains ownership, but the management of the property is performed by the private developer. The private developer, paying a lease income to the City and the City creating a larger pool of rates and taxes (all direct economic impacts) enables the City to further implement and upgrade municipal services in the larger municipal area. Indirectly, higher levels of GDP and employment opportunities are created. The City indirectly holds its ownership of the *city jewels*, but allows the development thereof by the private sector, culminating in an asset sweating to the benefit of the developer, the City, but most importantly, the market place - reflecting a response to customer needs.

The MBDA acts in a position between traditional agents in a society and traditional actors in the market. The organization is restricted by the territory of the Mandate Area, but through the land owning it holds a unique capacity for action. The MBDA can therefore take on a full commission of governance regarding the territory. The MBDA acts as a complement to the sector-bound organizations of the City government that have territorially vast, but narrow responsibilities and capabilities.

The initiative of the MBDA includes components that supplement the planning conditions as regulated by the planning legislation in South Africa and that of the City of Port Elizabeth, with a place-bounded system for governance that also has generative capacities. This supplementation can be understood as an illustration of the call for new structures under the labeling of enabling or guided development. The character of a temporal forum indicates that the institutional structure may even be cancelled when the task has been fulfilled.

14.6 A re-appraisal of the conditions for urban renewal – a different way

The *how*, *what* and *where* in respect of urban planning and the resulting local economic development is presently a crucial issue in South Africa. It improves the prospects of meaningful developmental initiatives in different localities throughout South Africa.

This type of appraisal involves a new use of spatial thinking. Clearly spatial decisions will not be implemented according to formal and predetermined criteria; rather, the quest is “to utilize space as a common backdrop against which investment and spending decisions can be considered and made” *(Office of the President: 2004: 8*). National spatial guidelines are intended to facilitate dialogue and exchange of information, to promote understanding of the

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impacts of policies, to promote the compatibility of policies and to make connections between various policies and actions more transparent. In this process, municipal IDPs and Provincial Growth and Development Strategies take on a much more strategic role *(Atkinson and Marais: 2006:23).* Criticism includes the point that urban planners, as the city builders, are currently too physically-based and design-orientated and that they do not engage with the economic and social forces shaping a city or with the role of private property interests *(Todes: 2006:53).* Present efforts promise to research mechanisms for change following a decade in which urban planning issues were largely forgotten.

The IDP documents of the respective municipalities are widely regarded as the focus of post-apartheid's municipal planning system and are perceived as an instrument in an evolving framework of intergovernmental planning and co-ordination *(Harrison: 2006:186).* However, having a plan (an integrated development plan) is insufficient in that the instruments/vehicles to fully implement IDPs are obviously necessary to reduce their lack of implementation. The IDP related system was developed almost entirely under the direction of national government. In the future however, metropolitan authorities (with the required resources and capacity) supported and informed by wider networks, such as the South African Cities Network, are likely to be an important source of innovation and planning *(Harrison:2006:186).*

In South Africa, a real and growing concern has been expressed that government's neo-liberal (market-orientated) approach may be exacerbating social and class divides. A growing body of literature has begun to argue that compaction-integration appears to offer little to the urban poor - and that in the context of a larger emphasis on development, local government and more recently, a powerful discourse on cities and global competitiveness - and that hence, new urban renewal policies are worthy of investigation *(Pillay:2008:7).*

It appears that mere economic growth and the physical regeneration of an area (i.e. infrastructure investment as in traditional planning approaches) are not enough and that social integration, culture and heritage are crucial ingredients to a successful urban renewal policy.

The western concept for urban planning used today is developed to fit a society of labour-intensive based employment. In many growing cities in the Third World, however, the vast majority of the people are unemployed and have to survive by other means. There is a reasonable need for a more flexible planning concept that enables other means for livelihood security *(Interview with Lena Jarlov: July 2009: Professor, Dalana Research Institute, Falu, Sweden, working on the Nelson Mandela Bay Municipality First Comprehensive Urban Plan).*

The most significant intellectual (and to some extent, practice-related) shift has been the move away from the idea of planning as the product of the autonomous reasoning processes of the expert, to a relational concept of planning in which future directed action emerges from dialogue and interaction between multiple actors *(Harrison:2006:319).* The question is whether it is possible to develop *another thinking* that will offer an alternative to Western-derived imaginaries and that will enrich thinking and practice across the globe.

Watson (2002a, 2002b) provides insightful guidance on the relevance of the Northern Hemisphere-derived normative planning theories, questioning the relevance of these theories. Watson argues that there are three major streams of contemporary theories of planning, i.e.

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the communicative planning approach, just city approach and an approach focused on diversity and cultural difference.

It is clear the communicative planning approach has more relevance in Africa where consensus building is of the utmost importance. The multi-culturist type of planning draws on Western post-modernist and feminist theory, giving civil society a particular importance in shaping planning processes. The two approaches combined could be termed *proceduralist*, as they focus on what is required in terms of process to reach just outcomes rather than on what the substantive content of just outcomes might be *(Harrison:2006:321).*

Watson uses the term *occidental planning theory* and makes reference to *collaborative planning theory*, both of which approach planning with an acknowledgement of difference even if its normative ideal is to overcome difference through consensus building. Occidental contemporary planning theory has moved planning beyond technocratic, corporatist notions and is grounded in instrumental rationalism and often insensitive to context. Normative planning theories seem to have no place in a third world, particularly in an African environment.

Between these approaches of what is relevant in Africa, from an urban planning point of view, one should find a *home brew* approach, but most importantly, a vehicle through which such a home-brew, hybrid approach can be implemented. In post-colonial theory, hybridism, rather than authenticity, is the source of change and creation.

Oranje (2003:182) alludes to the tentative emergence of "border thinking" in post-apartheid planning practice in South Africa. The formal systems of post-apartheid planning have conceded little to African identities and are grounded almost exclusively within Western-derived frameworks of rationality (instrumental and communicative). *Oranje* does however, identify a kind of post-colonialism emerging in practice. He argues that, within specific locales, local meaning and identity are being grafted onto the language of law, policy and programme and a form of "double consciousness" may be emerging that is bringing local histories into an engagement with global design and allowing a sub-alternative rationality to find a place alongside the formal rationalities of planning (*Oranje:2003:184).*

To change the prevalent planning concept will certainly not be easy - nor will it be sufficient, as the development of societies is not conducted by theories. The driving forces are a complicated mixture of cultural and economic factors. Multi-string forces drive the industrial planning concept. The attitudes amongst ordinary people today are highly affected by global influences through television. The western lifestyle stands as a standard ideal for many people in the developing world. It is the ideal of consumption, supported by strong commercial forces. Clearly this lifestyle will never be achieved by the majority. This is most obvious in developing countries, where conditions will continue to be very rudimentary or will deteriorate, if the physical planning of these cities remains based on the principles that have been developed for a completely different maintenance system. The majority will simply not become well-adapted members of a consumer society. Planning cannot ignore this aspect of the situation.

In most European countries, as in the case of South Africa, urban planning is in the process of transformation, from being a method for regulations and control into being a channel for possibilities and enabling development at local level.

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The *South African Development Facilitation Act* (Act 67 of 1995) in respect of which development tribunals were established to fast track development processes is a case in point. The capacity and tradition to achieve a further shift is needed in the planning systems, but is currently not well developed. The described structures of the MBDA represent an alternative method for urban development to be compared with the focus on tax-financed urban development schemes and the liberal discourses of public private partnerships.

The huge pressure on local government to finance municipal services to townships due to the increase in urbanization has dried up the pool of local government rates and taxes to divert to innovative urban renewal projects. Although the Constitution allocated local government with a developmental role, the culmination of this has not really come to fruition due to the lack of innovation, capital and expertise capacity.

The public private partnership format is a novel idea and was once hailed as the solution for unlocking vast tracks of land on the state's balance sheet. It is a complicated process though and usually runs into trouble due to unnecessary bureaucracy and the lack of skills and experience at state level to manage procurement processes. Resulting, there is common cause that society needs to be more included in the planning processes. Tax payers now increasingly demand the use of money for schools, social security and medical care.

In the 1980s, the liberal alternative to meet the shortage of tax funding, was to rely on private investment for urban development. The society would use its organizational and planning capacity to encourage market investment through public private partnerships. This strategy is viable in situations where the level of financial risk is low or where conditions are reasonably predictable. Private actors refrain from investment in complex settings where the returns are forecast to be realized only in the distant future. In South Africa this is often termed a *degree of business fatigue*, particularly in respect of public private partnerships.

Consequently the urban context has to be developed to a level at which investment can be motivated by core business economic reasoning. In short, other than making social and political sense, urban planning must make economic and financial sense.

Although it lacks investment capital through taxes, society is an actor having far-sighted motives. In Port Elizabeth, as in the case of many other municipalities, the revenue pool through rates and taxes is simply not sufficient enough to meet the demands of society. The dynamic place initiative represents an alternative that unifies the advantages of the two previous planning discourses. Through an agency, such as the MBDA, being in a position to guide urban development, the City can form advanced, politically-set strategies and at the same time isolate the financial risk of these.

The financing of the entire scheme is solved through enabling the development of land and the privatization of individual projects that satisfy market risk judgment. It is important though, that public investment should take place first in common areas, before the private sector responds. A rolling balance sheet provides the possibility for stepwise urban renewal projects that generate surplus, as a premium for risk taking. The dynamic place initiative solves the dilemmas of financing a large urban redevelopment scheme, providing for extended political influence and a high degree of user-friendly measures, finally resulting in privatization and private sector investment.

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Port Elizabeth has seen limited infrastructure development over the past twenty years. It was therefore a conscious decision of the NMBM to invest heavily in city urban renewal infrastructure, with the main objective being that it would be a catalyst for private sector investment leading to increased privatization.

A consequence for planning is the observation that the corporate environment goes via the RFP briefing process for a new location, rather than a general interest in comprehensive planning. This fact re-engineers the planning process by encouraging interactivity and communication. Public planning, which frames the far-sighted goals for the area has to be supplemented and induced with corporate strategies, that are expressed in building-related processes. Through these actions, the commercial viability is tested throughout the process. The sketches carry the properties of strategic corporate development into the system of public planning.

The dynamic aspect is characterized by the conditions wherein the place develops into an interactive interplay between the generation of ideas, planning, politics and property development. This dynamism within a continuous loop where readily developed buildings or even tentative suggestions, affect and adjust the way forward. Opportunities and advantages gained through market activities or selling efforts can be taken into consideration and incorporated into the development plan.

The implementation of an urban renewal agenda "lies in between the state and the economy" *(Winkler: 2009:67).* This in-between space can be occupied by an entity such as the MBDA, a vehicle created by the state. What is important for the *in-between* concept is civil society's legitimacy to act in the public domain and to speak on behalf of planning. An organization, such as the MBDA undertakes smaller well-researched service and infrastructure capital projects of big impact (a *"doing a few things exceptionally well"* approach). *Sandercock (1998:157)* refers to this as a "socially transformative practice" that does not necessarily need to begin with large-scale interventions, but can instead be initiated through smaller actions or what is called "a thousand tiny empowerments". The MBDA's puzzle approach is about a number of smaller infrastructure projects that together form a collective whole.

14.7 What can be learnt from the MBDA observations?

Urban renewal, under the mandate conditions as defined in the Mandate Document of the MBDA, suggests a dynamic place initiative. The structure and mandate of the MBDA illustrate a capacity to create a new urban setting where corporate and research-based advantages are an inherent quality of the environment. The urban perspective is more than an urban quality; it includes vital parts of the necessary facilitating tools to achieve the goals of sustained competitive advantage.

Master planning in South African is still being *done the western way*. Not much adaptation has taken place to incorporate the dominant African influence and lifestyle. In Port Elizabeth, prior to the work of the MBDA, it was evident how many master plans have very similar western outcomes. The change from a very western, English methodology to the incorporation of the African culture within urbanization was not seen.

With the urban renewal work in a mandate area, an effort was made to change this approach. Although in a smaller area, it was quite clear that an initial emphasis on market research, attention to consumer needs in answering what makes economic sense and inclusive planning

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though public participation - brought a change in understanding of who the future resident of the Port Elizabeth city would be and how to plan around that central market intelligence.

In March 2010, the ANC Youth League in the Eastern Cape and the Deputy President of the ANC Youth League in South Africa, Andile Linguisa, said that the MBDA is changing the face of the city *(Interview with Andile Linguisa, Deputy President of the ANC Youth League: 9 March 2010).* He was not entirely correct, as it is the youth of Port Elizabeth - the future residents and consumers - who are being enabled to change the face of the city through urban renewal forum participation.

Finding a vehicle to implement a different way of thinking is a challenge as important as the initial way of thought. Through the MBDA, a way of supporting and producing broader thinking has been institutionalized. Its methodology is a way to think literally and/or metaphorically from a place, outside the global core, which offers the experience of a cross-over, boundary breaking and hybrid-type of thinking.

The crisis in South African planning practice, where there is an effort to incorporate the African identity, is not only in respect of a new way of thinking, but also in terms of an institutional/implementation problem. In the urban renewal process, local government in South Africa has proven to be ineffective in introducing the African element to the urban renewal of traditionally white central business districts. A shift in institutional practice is also required, - one that sees the state retreating from the responsibility of being planning-driven to that of enabling a development arm of the state, as a separate body, to undertake the planning, delivery and ultimately, to profit from the end product.

The establishment of a special purpose vehicle within the local government is of importance. Key issues include having access to political leadership, space to make decisions, to fast-track implementation and the ability to mobilize resources across municipal line departments and effectively engage other spheres of society.

The proofs for this conclusion exist in the cluster theory, innovation theory, discourses of complex systems and in the discussions of the clustering around residential, retail, office and tourism/leisure/entertainment. In situations where innovation and complexity are prevailing conditions, *places* frame the actions. *Place* is even explicitly pointed out as a vital management tool in value-based corporations. The Mandate Area (of the MBDA) represents a unique situation wherein the City of Port Elizabeth undertook the risk of transferring urban renewal responsibilities and the facilitation thereof, to an especially created special purpose vehicle - the MBDA.

Thus, the taking over of the responsibilities in respect of urban renewal by the MBDA, meant that the risk thereof was isolated from the City government. These positions represent the fundamental basis for the initiative. Although the intention originally was to develop the MBDA as a completely independent entity from the local authority, it is unlikely to ever happen, as it will remain the special purpose development vehicle tool of the NMBM.

Complete independence would prohibit the MBDA from entitlement to the required capital injection and control from the NMBM, which would in turn dilute the MBDA's ability to implement catalytic capital projects. Although the MBDA operates at arm's length it, it is still controlled by the NMBM. It is therefore, important to keep a special purpose vehicle

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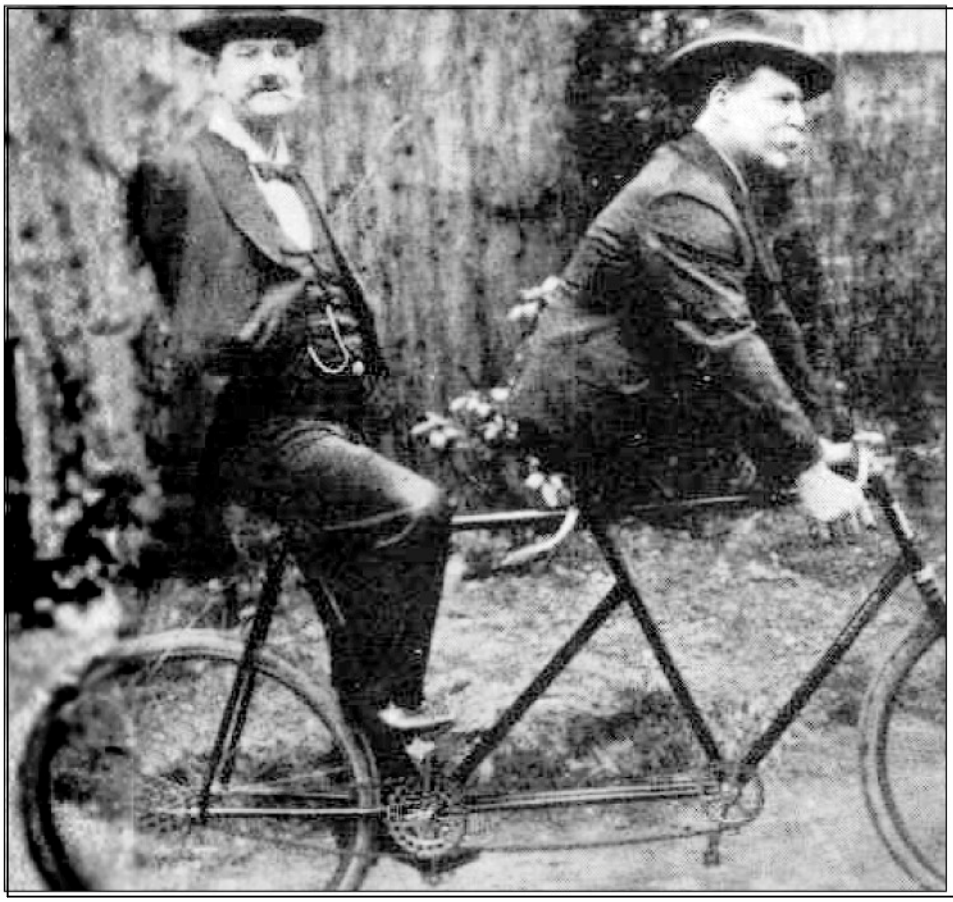
distance, but while remaining part of the municipality. This approach can be best described as "separate, but together". The image in ***Figure 44*** demonstrates such an approach.

Figure 44: The separate, but together approach



Charles Tripp and Eli Bowen used to go biking together for recreation.

The MBDA will also never have its own planning mechanism as this will always resort under the planning department of the City of Port Elizabeth.

Based on these conditions, this study outlines the contours of a rather specific situation. The initiative is property-based, a not unusual condition for urban renewal though technopoles initiative. The aim though, is to use public infrastructure investment and municipal property as development tools and to privatize them as soon as politically set standards have been achieved.

The general reflection, based on the case study is that the capacity for enabling, from a societal point of view, is based on the property action together with cooperation. This creates a platform for cross organizational relations, which in turn forms the basis for a mutual engagement for continuous development and upgrade. Through these relations and conversations, the actors can shape the course of development.

It should be stressed that corporations tend to enter the issues of urban development through property actions rather than through the planning system. Questions concerning *here and now* are more salient than questions concerned with *there and then*. Corporate property action carries many complex objectives linked with corporate strategy. These supply the system with a dynamic dimension that through the reflexive forum, relate to national planning

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analysis. The financial consequence of this setting is that paramount resources for urban development are created under the control of representative democracy, as represented in the non-political Board of the MBDA.

14.8 Risks in the process

The risk associated of this perspective, is that place and property issues come to dominate product-related conditions. The management of the reflexive forum must act as a silent partner, facilitating user needs and providing them with adequate urban and financial structures. If place development by itself, enters as a paramount entity, the situation risks shifting into a speculative and investment-driven real estate product, with no or low, product market relevance.

Another potential risk with this kind of setup is that faced by democracy. The co-ordination of major instrumental power structures creates a possible fatal alliance. The business community, the major universities, sub-contractors and property actors act together with the political leadership and governmental structures in the region. On the one hand, this is what is needed by a medium-sized region in order to keep up with global competition - a situation particularly evident in the City of Port Elizabeth. On the other hand, this historically unique co-ordination of major actors may allow for the exclusion of participation by stakeholders with less power, such as the normal citizens of the city. It must be kept in mind that the competitive advantage is measured against the metaphor of conversation and collective discussion. The concentration of power is useful only as long as it is measured against these qualities for the required action.

Ideally, urban planning should involve the man on the street in the discussion of a common future. This social element is necessary in order to avoid alien and moulded work cities without civil life. This is particularly evident in the City of Port Elizabeth, where demographics have changed significantly over the past twenty years and where the discussion of previously disadvantaged communities, the future players, inhabitants and workers in the city, is so important. In the public debate, it has been argued that the MBDA has achieved this kind of participation in project conceptualization and implementation. Port Elizabeth has been the home for wealthy people and corporations and has not always accommodated the needs of emerging economies. In this respect, it is a particularly a divided city.

This division is clearly evident in the environmental upgrade of the main street, Govan Mbeki Avenue, where research has shown that 80% of people coming into the CBD on a daily basis, arrive with public transport (i.e. they come from the townships). The urban design of the street therefore had to accommodate this customer need. The erection of unique and specially designed informal trading kiosks was a response to the customer needs of informal traders. This specific design was highlighted in **Chapter 10**.

In part, this can be explained by the fact that the area lacked social life when the project started. The call for participation mainly focused on those who were in charge of the workplaces representing one person or several thousand. Ordinary people were able to follow the process through the public events, which were arranged throughout the project. Thorough public participation processes become an influential planning instrument in the formal planning process. Informal traders in Govan Mbeki Avenue, who previously traded in the most appalling conditions, became important role players in the design process. Informal trading was seen as part and parcel of the CBD economy. Informal trading structures, all with

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power and water points as well as lock-up facilities, were constructed to blend in with the upgraded street. The project was the first of its kind in South Africa – customer needs address became the core of the project.

Recently, the MBDA survey reported of a rising public interest in the Mandate Area. Local politicians and inhabitants from surrounding parts of the City more frequently visit the CBD and participate in information events and discussions. This corresponds with the rising number of people moving into this part of the City to live, work and play. Quality community life and the concern for questions involved with urban life, proved again to be the strongest motive for active participation.

Although there were vast efforts from the MBDA to inform people of the project and to market it, the agenda for participation is formally held by the planning authorities through procedures related to the comprehensive planning, urban briefs through the RFP process and the detailed development plans. This formal agenda for public influence in planning has been carried out with an accuracy that meets the highest expectations in respect of the City's planning legislation. The MBDA, under the control and ownership of the City, replaces the private developer as a contextual actor aiming at privatization. Under an impartial Chairman, the Board of the Agency is appointed by a political leadership, but with the neutrality that it deserves, operating against the ethos of *separate, but together*.

14.9 Research results, implementation and further research

This thesis does not address architectural qualities of the urban environment. The results of the research are instead, that of LED-enabling through urban renewal, aimed at competitive advantage in the facilitation of an innovation-based local economy. These require a complementary institutional setup for urban management and planning.

This is an action and strategy setting in top management forums of different organizational environments. The outcome interactively has to be realized through a facilitation of major idea processes and very diverse cultures and through a confirmation of these ideas expressed as corresponding investments.

These tasks are more complex than urban development through public private partnerships and are rather an issue of long term competitiveness for the local development of retail, residential, office and tourism/leisure/entertainment in the Mandate Area. The difficulty is that the implementation of these structures is considered to be unique for each process and each place.

Accordingly, with the paradox of replication, no process worth replication is replicable. Due to the pronounced call for learning, worthwhile processes have to be reinvented rather than mechanically reproduced. The SSIF for the Mandate Area is the result of extensive research in retail, residential, office and tourism/leisure/entertainment and participation through the development forums. It is not a replica of any similar master plan of any other city or region. Such processes are, of course, possible to re-invent in other places, if facilitated from inside these specific local systems.

This research proposed articulated methods and conditions for enabling and guided development as a complement to traditional urban planning. Further research should be more deeply concerned with how discourses of innovation and economic competitiveness can be

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welded together with processes of urban development and planning, so that they mutually reinforce each other. This research would preferably focus on how the contextual development capital interacts with specific resources of product-based applied research and development and on how reflexive processes can be achieved in co-action with the dynamism of the urban environment.

In order to understand how the results of this can be implemented, a strong focus on new institutional structures is recommended. The issues of how we create lively places with a rich and safe social life are the essence of this kind of research. What is urban quality, what are the indicators, and how do we reproduce them? Methods of how to involve citizens in the development and appropriation of the urban environment must be further developed, if the notion of the *Friendly City* is to become reality. Most importantly, this kind of research is possible only if taken on through a deeper interaction between the actions in the fields of urban development and academia. Reference is again made to the statement of *Jan Gehl (2005: 8)* for the Cape Town Partnership, "First life, then public spaces, then buildings".

14.10 A final word

Local planning is drawn into the management of local economies as the quality of place becomes part of the competitive capacity in a region. The uniqueness of a local culture in contrast with other locations in South Africa and the world is a competitive condition in the post-modern society.

It is doubtful whether the blue collar industrial nature of the Port Elizabeth population will disappear in due course; instead it must be used as a cornerstone for urban renewal and more effective local economic development.

The unique, local conditions underpin a necessity for actors in the society, in the business community and academic institutions to cooperate in order to arrange favourable conditions for regional competitive advantage. This triple helix is, as it is understood, the core of the cluster discourse and of innovation systems theory. The marriage between the urban and local economic development conditions produces a new perspective on planning. It is reasonable to discuss new conditions of enabling or guided development; a process of stakeholder-shake to gain a competitive urban renewal cluster edge.

In this thesis, the case has been made for the presence of a strong link between place development, *bottom-up* cluster development/innovation and local economic development with a special purpose vehicle providing the synergy glue. The thesis proposes that the structure of these two poles – the *soft* structure of idea processes and the *hard* structure of planning and local economic development – are necessary co-actors for the creation of an urban growth node in the Mandate Area.

Today, more than ever, the City of Port Elizabeth and its industrial background are in global competition with cities such as Detroit, the motor manufacturing centre of the United States. To meet with the competition in South Africa and internationally, the City has to develop accessible resources together with the motor manufacturing corporations and related businesses. Places that hold structures for constant improvement through the creation of qualifying external advantages that outrun the global forces of imitation have become a strategic component in this play. Resources have to be generated for extensive regionally-based product development. In the light of this discussion, the dynamic place initiative can

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be viewed in an extended dimension, where the returns from the contextual resources raised in the development of the Mandate Area, can be used to strengthen the developmental dynamics of the environment and the City of Port Elizabeth.

Coupled with the strong potential role of urban renewal in its contribution to economic growth at a local level, the debate around the failure of local economic development and a new emphasis on the manner in which urban planning is executed, forced a new way of thinking in Port Elizabeth. This thinking centres on the cooperation between the local authority and business and university research, recognizing that innovative thinking around strong clusters is required. The experience in Port Elizabeth is that such an approach will not be implemented in the current structures of municipalities, as the resources and skills are already thinly spread in the provision of basic services. Such an approach can only be implemented with a special purpose vehicle to give local economic development the required sustainability through *inter alia* urban renewal. It is believed that such an overall approach can be instrumental in other local authorities where local economic development, in whatever identified cluster (which could be for example agriculture or manufacturing), requires a major overhaul - not only from a strategic point of view, but more importantly, from an implementation point of view.

The value of the thesis lies in the story of the MBDA and the role it is laying in bridging the gap between urban planning and customer needs and the necessity to create systems that will respond to the local economy of a particular city. The experience of the MBDA shows that development agencies, not only in South Africa, but also internationally, can play a vital role in urban planning intervention to ensure that urban planning addresses the needs of the market place.

Urban planning is a crucial element in the process of economic development for millions of new South African entrants into the political, economic and social sphere and it is clear that urban planning is undergoing a process of change to adapt to new circumstances. One cannot go so far as to say that it is a crisis, but it certainly challenged the traditional urban planning methods in South Africa. The journey of the MBDA is as an interventionist mechanism to manage the challenge of local economic development with a strong urban renewal premise. When urban decay reached a crisis level in Port Elizabeth in 2004, it became clear that a different policy was required to rectify the matter. *Jackson: 1976: 231* states that, “all types of policy output appear to result from a challenge or a crises; linear, static, cyclical and discontinuous”. He further states, “that a new typology of crises must be developed before it will be clear why such variants in policy type emerge from crises. This should be the next step in what will be a long search for theory in this most relevant field” *(Jackson: 1976: 232).* The story of the MBDA is practical journey in dealing with the challenges of urban planning to achieve successful local economic development with an urban renewal objective.

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

FIELDWORKERS NAME: _____ TEL NO: _____

TIME TAKEN TO COMPLETE SURVEY: _____

LOCATION OF SURVEY: _____

INTRODUCTION

A business survey (in the target area) was conducted to assess the economic impact of the various projects run by the MBDA in the CBD, Parliament Street and Central areas of Port Elizabeth.

As a business operating in the area we would appreciate your assistance in answering the following questions. Your responses will be kept completely confidential.

BUSINESS PROFILE
(Only to be answered by owners or managers of a business)

Section A – Business Profile

1. Please indicate your designation.

DESIGNATION	✓	
Owner		
Manager		
Other (please specify)		

2. Name of business _____

3. Contact Number _____

4. Physical Address of Business _____

5. Please indicate the nature of ownership of this firm

OWNERSHIP	✓	
Sole proprietor		
A large corporation		

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ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

A franchise under a franchise agreement		
A national chain		
Other (Please specify)		

6. Do you own/lease the business premise?

Own	Lease	

If you answered "Lease" for QUESTION 6 continue with QUESTIONS 7, otherwise go to QUESTION 8

7. What is your average gross monthly rent?
(Including water, electricity, rates etc.) _____

8. Please indicate the main type of business/businesses on these premises?

BUSINESS TYPE		BUSINESS TYPE		BUSINESS TYPE	
Monthly groceries		Restaurants & take-aways		Financial services	
Top up groceries		Leisure & entertainment		Professional (e.g. legal, doctor, architect, etc)	
Clothing, shoes & accessories		Speciality goods (e.g. music, sport, baby, stationery) (Please specify)_____		Funeral services	
Furniture & homeware		Government services		Light Industry (Please specify) _____	
Hardware goods		Auto Repair workshop (inc. tyres, shocks etc.)		Petrol Station	
Personal care (e.g., hair & beauty salon, pharmacy)		Motor vehicle sales		Video / DVD Rental	
Cleaning services (e,g, laundromat)		Bank / ATM		Other (Please specify):	

9. When did your business/businesses begin to operate in the area?

Month	Year	

10. What is the size of the total floor area occupied by this business? _____**m^2.**

11. Have you made any improvements to your premises in the last 5 years?

Yes	No	

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

12. What where the nature of these improvements?

IMPROVEMENT TYPE	✓	
Maintenance (Exterior)		
Maintenance (Interior)		
Upgrade (Exterior)		
Upgrade (Interior)		
Expansion		

13. Were these improvements conducted as a result of the upgrades carried out by the MBDA?

Yes	No	

14. If not inspired/catalyzed by MBDA initiatives in the area, what were the reasons for the improvements.

_____ ___

_____ ___

_____ ___

15. What was the average value of these improvements?

IMPROVEMENT VALUE	✓	
Less than R10 000		
R 10,000 – R 50,000		
R 50,001 – R 100,000		
R 100,001 – R 250,000		
R 250,001 – R 500,000		
R 500,001 +		

16. Are you planning on making any further improvements to your premises in the next 1 to 2 years?

Yes	No	Unsure	

17. Are the planned improvements related to the MBDA upgrades?

Yes	No	Unsure	

18. Are you planning to relocate the business to another area in the next year or two? If so, what is the reason for this?

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ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

Yes	No	Unsure	

19. Please indicate the number of people currently employed by the business

Permanent (full / part time)		Casual		Total	

20. As a result of the MBDA upgrades have has your business hired additional staff?

Yes	No	

21. If yes, how many additional staff has the business hired?

EMPLOYEES	✓	
Between 1 and 5		
Between 5 and 10		
More than 10		

22. In comparison to 5 years ago, has there been any change in your businesses turnover as a result of the MBDA improvements in the area? Please estimate which category below best describes this change, if any?

CHANGE IN TURNOVER 2004-2009	✓	
Significant drop in turnover		
Slight drop in turnover		
No change in turnover		
Slight increase in turnover		
Significant increase in turnover		

Section B – Stress Profile

23. Are you aware of the Mandela Bay Development Agency (MBDA)?

Yes	No	

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ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

---

24. Please describe what you believe to be the MBDA's functions as an organisation within the CBD?

_____ _____

_____ ___

_____ ___

_____ ___

_____ ___

25. Do you believe that the MBDA upgrades in the area have increased the relative value of your property?

Yes	No	Unsure	

26. How would you rate the confidence you have in the MBDA. Please rate your confidence on a scale of 1 to 5, where 1 is no confidence and 5 is total confidence.

INDICATOR					
	1	2	3	4	5
Confidence					

27. Since the MBDA improvements in your area have you noticed any changes in environmental issues?

Yes	No	Unsure	

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

28. How would you rate these changes in environmental issues on a scale of 1 to 5, where 1 is no improvement and 5 is a very large improvement?

INDICATOR					
	1	2	3	4	5
Crime					
Congestion as a result of deliveries					
Smoke pollution					
Deliveries					
Informal Traders/hawkers					
Parking					
Derelict Properties					
Noise Levels					
Lighting					
Illegal activities (i.e. prostitution, drug dealing)					
Other (Please Specify) _____					

29. How would you rate the impact that the MBDA's permanent security personnel have had reducing crime in the CBD/Central area in the past 5 years?

SECURITY PERSONNEL	✓	
Extremely positive		
Positive		
Neutral		
Negative		

30. How would you rate the impact that permanent street cleaners have had on the area in the past 5 years?

STREET CLEANERS	✓	
Extremely positive		
Positive		
Neutral		
Negative		

31. How do you perceive the aesthetic improvements to Govan Mbeki Avenue in the past few years?

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ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

GOVAN MBEKI UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

32. How do you perceive the aesthetic improvements to Parliament Street in the past few years?

PARLIAMENT STREET UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

33. How do you perceive the functional improvements (one way traffic, parking etc) to Govan Mbeki Avenue in the past few years?

GOVAN MBEKI UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

34. How do you perceive the functional improvements (one way traffic, parking etc) to Parliament Street in the past few years?

PARLIAMENT STREET UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

35. Would you like to express any additional comments on the Parliament Street or Govan Mbeki Upgrade?

_____ ___

_____ ___

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE A

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
BUSINESS SURVEY (IN THE TARGET AREA)
MAY 2009

_____ ___
_____ ___
_____ ___

ON BEHALF OF THE MANDELA BAY DEVELOPMENT AGENCY, WE THANK YOU FOR YOUR CO-OPERATION IN MAKING THIS SURVEY A SUCCESS.

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ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

FIELDWORKERS NAME: _____ TEL NO: _____

TIME TAKEN TO COMPLETE SURVEY: _____

LOCATION OF SURVEY: _____

INTRODUCTION

A residential survey (in the target area) was conducted to assess the economic impact of the various projects run by the MBDA in the CBD, Parliament Street and Central areas of Port Elizabeth.

As a resident of the area we would appreciate your assistance in answering the following questions. Your responses will be kept completely confidential.

RESIDENTIAL SURVEY
(Only to be answered by people residing permanently in the area)

Section A – Household Profile

1. At what address do you reside? _____

2. When did you first move to this address?

Month	Year	

3. How many people reside in your current household? _____
(Household refers to people whom you share a kitchen and/or living area with and, general expenses)

4. Please indicate which category best describes your household

Stay-at home singles		**New Parents**	
Students		**Single parent**	
Starting out singles		**Mature Parents**	
Couples		**Golden Nests**	
Mature singles		**Left alones**	

5. What type of unit do you presently live in?

TYPE	✓	
House		

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ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

Townhouse		
Flat		
Flatlet/ Room		
Commune		
Other (Please specify) _____		

6. Please indicate the ownership status of your unit/dwelling.

CATEGORY	✓	
Owned and fully paid off		
Owned but not fully paid off		
Rented		
Occupied rent-free		

7. Please indicate the estimated size of your unit/dwelling in m^2

	m^2	

8. How many bedrooms do you have in your home?

NUMBER OF BEDROOMS	✓	
1-bedroom		
2-bedrooms		
3-bedrooms		
4-bedrooms		
5+ bedrooms		

9. What is the employment status of the head of the household?

EMPLOYMENT STATUS	✓	
Not actively seeking work in the past month		
Employed		
Unemployed		
Unable to work		

10. What is the highest educational level achieved by the head of the household?

EDUCATIONAL STATUS	✓	
No Education		
Some Primary (Grade 4)		

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ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

Primary (Grade 7)		
Some Secondary School		
Secondary School (Matric)		
Diploma/Degree		
Higher (i.e. honours/masters/doctorate)		

11. What is your estimated TOTAL MONTHLY household income BEFORE DEDUCTIONS?

INCOME	✓		INCOME	✓		INCOME	✓	
0			2 501- 4 000			20 001- 25 000		
1- 250			4 001- 6 000			25 001- 30 000		
251-1 000			6 001- 10 000			30 001- 40 000		
1 001- 2 000			10 001 - 15 000			40 001-50 000		
2 001- 2 500			15 001- 20 000			75 000+		

12. Do you mostly obtain the following commodities or services within CBD/central, rather than travelling outside of the area?

BUSINESS TYPE	Yes	No	BUSINESS TYPE	Yes	No	BUSINESS TYPE	Yes	No
Monthly groceries			Restaurants & take-aways			Financial services		
Top up groceries			Leisure & entertainment			Professional (e.g. legal, doctor, architect, etc)		
Clothing, shoes & accessories			Speciality goods (e.g. music, sport, baby, stationery)			Funeral services		
Furniture & homeware			Government services			Petrol Station		
Hardware goods			Auto Repair workshop (inc. tyres, shocks etc.)			Video / DVD Rental		
Personal care (e.g., hair & beauty salon, pharmacy)			Motor vehicle			Other (Please specify):		
Cleaning services (e,g, laundromat)			Bank / ATM			Other (Please specify):		

13. Are you presently / in the near future planning to move from your present dwelling?

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ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

	Yes	No	

14. If "yes", what is the reason for moving?

REASON	✓	
Bigger Units		
Smaller Units		
Closer to work		
Better area		
Closer to transport		
Other (Please specify) _____		

Section B – Stress Profile

15. Are you aware of the Mandela Bay Development Agency (MBDA)?

Yes	No	Unsure	

16. Please describe what you believe to be the MBDA's functions as an organisation within the CBD area?

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

17. How would you rate the organisational effectiveness of the MBDA in your area? Please rate your confidence on a scale of 1 to 5, where 1 is not at all effective and 5 is highly effective.

INDICATOR					
	1	2	3	4	5
Confidence					

18. How would you rate the effectiveness of the upgrades that the MBDA has been conducting in your area? Please rate your confidence on a scale of 1 to 5, where 1 is not at all effective and 5 is highly effective.

INDICATOR					
	1	2	3	4	5
Confidence					

19. Since the upgrades conducted by the MBDA do you find that you spend more time in Parliament/Govan Mbeki Avenue than you did before the upgrades?

Yes	No	Unsure	

20. Since the upgrades conducted by the MBDA do you find that you spend more money in Parliament/Govan Mbeki Avenue than you did before the upgrades?

Yes	No	Unsure	

21. Do you believe that the MBDA upgrades in the area have increased the relative value of your property?

Yes	No	Unsure	

22. Since the MBDA improvements in your area, have you noticed any change in environmental issues.

Yes	No	Unsure	

23. How would you rate the following changes in the environmental issues on a scale of 1 to 5, where 1 is no improvement and 5 is a very large improvement?

INDICATOR					
	1	2	3	4	5

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ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

Crime					
Congestion					
Pollution					
Deliveries					
Informal Traders/hawkers					
Parking					
Derelict Properties					
Noise Levels					
Lighting					
Illegal activities (i.e. prostitution, drug dealing)					
Other (Please Specify) _____					

24. How would you rate the impact that the MBDA's permanent security personnel have had reducing crime in the CBD/Central area in the past 5 years?

SECURITY PERSONNEL	✓	
Extremely positive		
Positive		
Neutral		
Negative		

25. How would you rate the impact that the MBDA's permanent street cleaners have had on the area in the past 5 years?

STREET CLEANERS	✓	
Extremely positive		
Positive		
Neutral		
Negative		

26. How do you perceive the aesthetic improvements to Govan Mbeki Avenue in the past few years?

GOVAN MBEKI UPGRADE	✓	
Extremely positive		

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

Positive		
Neutral		
Negative		

27. How do you perceive the aesthetic improvements to Parliament Street in the past few years?

PARLIAMENT STREET UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

28. How do you perceive the functional improvements (one way traffic, parking etc) to Govan Mbeki Avenue in the past few years?

GOVAN MBEKI UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

29. How do you perceive the functional improvements (one way traffic, parking etc) to Parliament Street?

PARLIAMENT STREET UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

30. Would you like to express any additional comments on the Parliament Street or Govan Mbeki Upgrade?

_____ ___

_____ ___

_____ ___

_____ ___

_____ ___

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE B

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS IN THE CBD/CENTRAL AREA)
MAY 2009

ON BEHALF OF THE MANDELA BAY DEVELOPMENT AGENCY, WE THANK YOU FOR YOUR CO-OPERATION IN MAKING THIS SURVEY A SUCCESS.

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ANNEXURE C

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS OUT OF THE CBD/CENTRAL AREAS)
MAY 2009

FIELDWORKERS NAME: _____ **TEL NO:** _____

TIME TAKEN TO COMPLETE SURVEY: _____

LOCATION OF SURVEY: _____

INTRODUCTION

A residential survey (residents outside the target area) was conducted to assess the economic impact of the various projects run by the MBDA in the CBD, Parliament Street and Central areas of Port Elizabeth.

As a resident of the area we would appreciate your assistance in answering the following questions. Your responses will be kept completely confidential.

RESIDENTIAL SURVEY
(Only to be answered by people residing permanently outside of the CBD/Central Area)

1. Of the following services and commodities, please indicate which ones you currently make use of in the CBD/central areas?

BUSINESS TYPE	✓	BUSINESS TYPE	✓	BUSINESS TYPE	✓
Monthly groceries		Restaurants & take-aways		Financial services	
Top up groceries		Leisure & entertainment		Professional (e.g. legal, doctor, architect, etc)	
Clothing, shoes & accessories		Speciality goods (e.g. music, sport, baby, stationery)		Funeral services	
Furniture & homeware		Government services		Petrol Station	
Hardware goods		Auto Repair workshop (inc. tyres, shocks etc.)		Video / DVD Rental	
Personal care (e.g., hair & beauty salon, pharmacy)		Motor vehicle		Other (Please specify):	
Cleaning services (e,g, laundromat)		Bank / ATM		Other (Please specify):	

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE C

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS OUT OF THE CBD/CENTRAL AREAS)
MAY 2009

2. Are you aware of the Mandela Bay Development Agency (MBDA)?

Yes	No	

3. Please describe what you believe to be the MBDA's functions as an organisation within the CBD/central area?

_____ _____
_____ ___
_____ ___
_____ ___
_____ ___

4. Please identify any projects/initiatives undertaken by the MBDA during the last 5 years that you are aware of.

_____ _____
_____ ___
_____ ___
_____ ___

5. Since the upgrades conducted by the MBDA do you find that you spend more time in Parliament Street/Govan Mbeki Avenue than you did before the upgrades?

Yes	No	Unsure	

6. Since the upgrades conducted by the MBDA do you find that you spend more money in Parliament Street/Govan Mbeki Avenue than you did before the upgrades?

Yes	No	Unsure	

7. Since the MBDA improvements have any of your perceptions about the CBD or Central changed?

Yes	No	Unsure	

8. How would you rate the following changes in the environmental issues on a scale of 1 to 5, where 1 is no improvement and 5 is a very large improvement?

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ANNEXURE C

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS OUT OF THE CBD/CENTRAL AREAS)
MAY 2009

INDICATOR					
	1	2	3	4	5
Crime					
Congestion					
Pollution					
Deliveries					
Informal Traders/hawkers					
Parking					
Derelict Properties					
Noise Levels					
Lighting					
Illegal activities (i.e. prostitution, drug dealing)					
Other (Please Specify) _____					

9. How would you rate the impact that the MBDA's permanent security personnel have had reducing crime in the CBD/Central area in the past 5 years?

SECURITY PERSONNEL	✓	
Extremely positive		
Positive		
Neutral		
Negative		

10. How would you rate the impact that the MBDA's permanent street cleaners have had on the area in the past 5 years?

STREET CLEANERS	✓	
Extremely positive		
Positive		
Neutral		
Negative		

11. How do you perceive the aesthetic improvements to Govan Mbeki Avenue in the past few years?

GOVAN MBEKI UPGRADE	✓	

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ANNEXURE C

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS OUT OF THE CBD/CENTRAL AREAS)
MAY 2009

Extremely positive		
Positive		
Neutral		
Negative		

12. How do you perceive the aesthetic improvements to Parliament Street in the past few years?

PARLIAMENT STREET UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

13. How do you perceive the functional improvements (one way traffic, parking etc) to Govan Mbeki Avenue in the past few years?

GOVAN MBEKI UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

14. How do you perceive the functional improvements (one way traffic, parking etc) to Parliament Street?

PARLIAMENT STREET UPGRADE	✓	
Extremely positive		
Positive		
Neutral		
Negative		

15. Would you like to express any additional comments on the Parliament Street or Govan Mbeki Upgrade?

_____ ___

_____ ___

_____ ___

_____ ___

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MANDELA BAY DEVELOPMENT AGENCY

ANNEXURE C

SURVEY QUESTIONNAIRE

ECOMOMIC IMPACT ASSESSMENT
RESIDENTIAL SURVEY (RESIDENTS OUT OF THE CBD/CENTRAL AREAS)
MAY 2009

ON BEHALF OF THE MANDELA BAY DEVELOPMENT AGENCY, WE THANK YOU FOR YOUR CO-OPERATION IN MAKING THIS SURVEY A SUCCESS.

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ANNEXURE D 1
ECONOMIC SURVEY INFORMATION SYSTEM

STRESS PROFILE GRAPHS

Aesthetic Improvements

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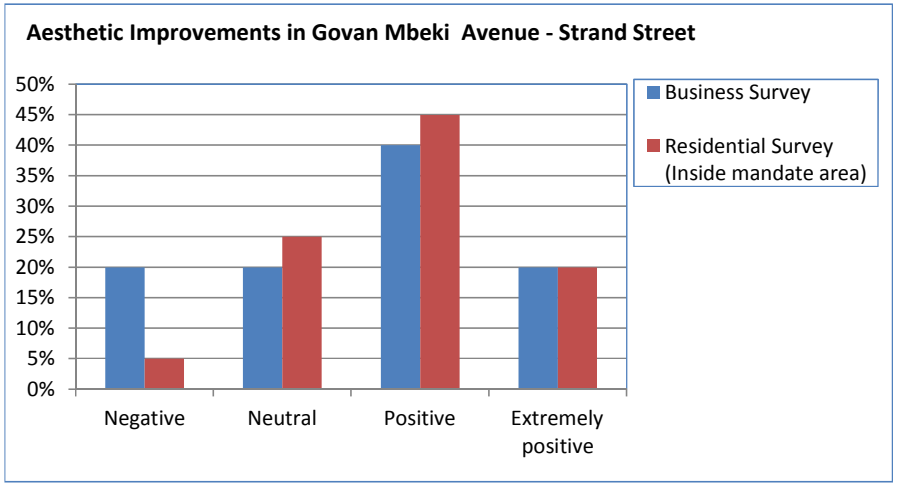
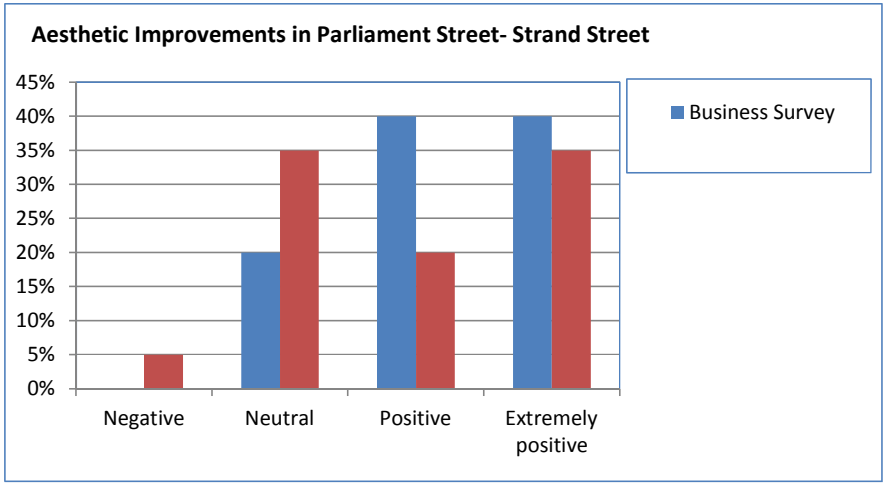
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	5.0%
Neutral	20.0%	25.0%
Positive	40.0%	45.0%
Extremely positive	20.0%	20.0%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	5.0%
Neutral	20.0%	35.0%
Positive	40.0%	20.0%
Extremely positive	40.0%	35.0%





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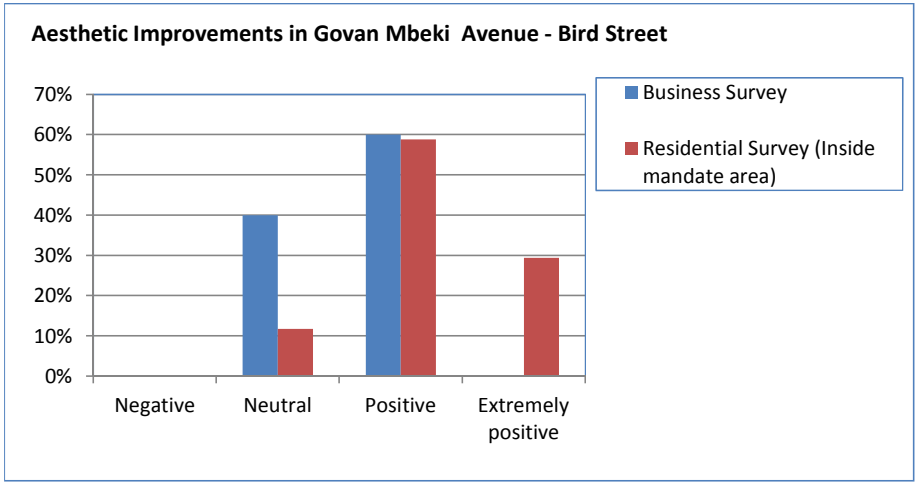
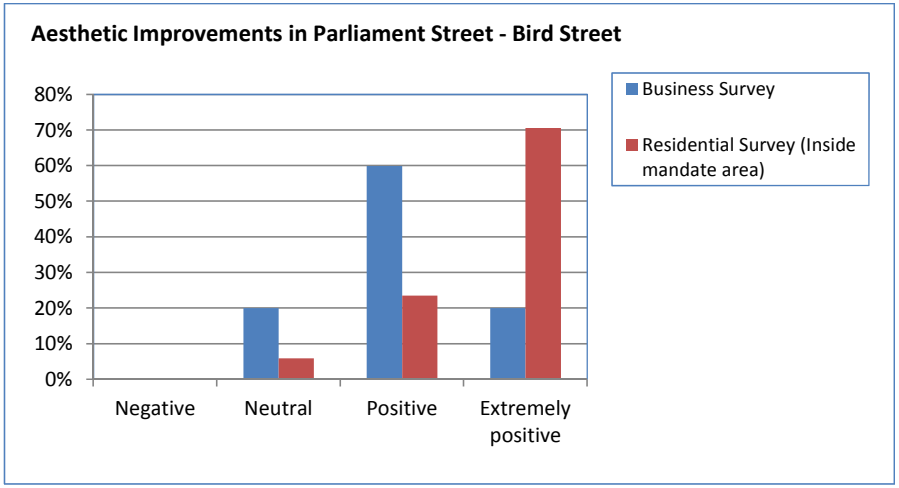
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	40.0%	11.8%
Positive	60.0%	58.8%
Extremely positive	0.0%	29.4%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	20.0%	5.9%
Positive	60.0%	23.5%
Extremely positive	20.0%	70.6%





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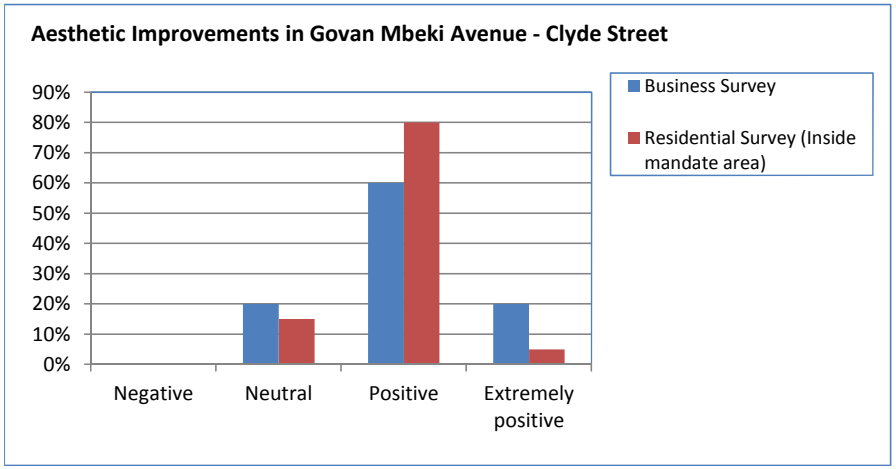
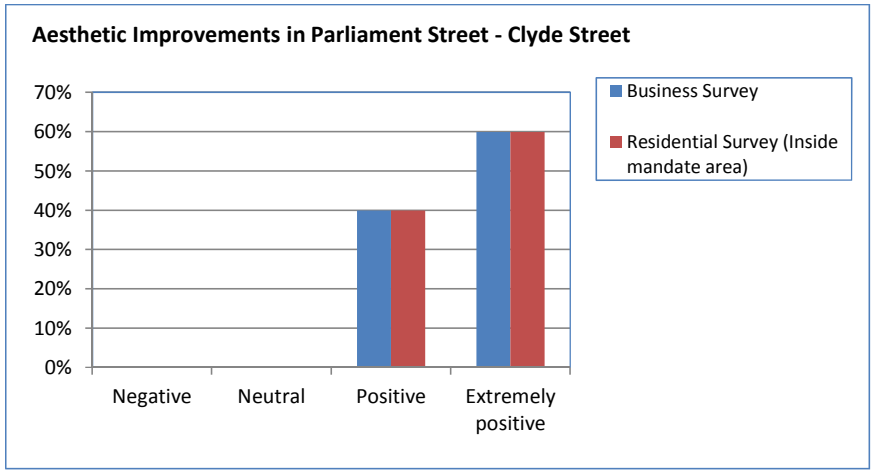
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	20.0%	15.0%
Positive	60.0%	80.0%
Extremely positive	20.0%	5.0%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	0.0%
Positive	40.0%	40.0%
Extremely positive	60.0%	60.0%





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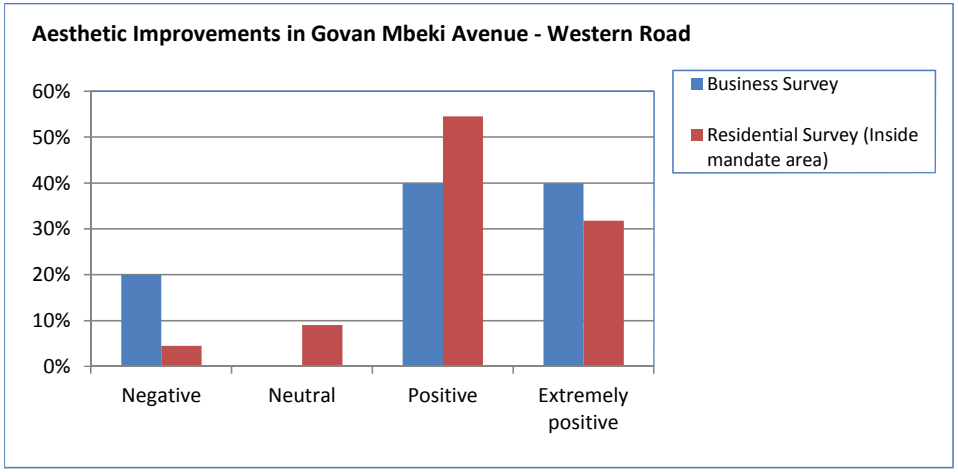
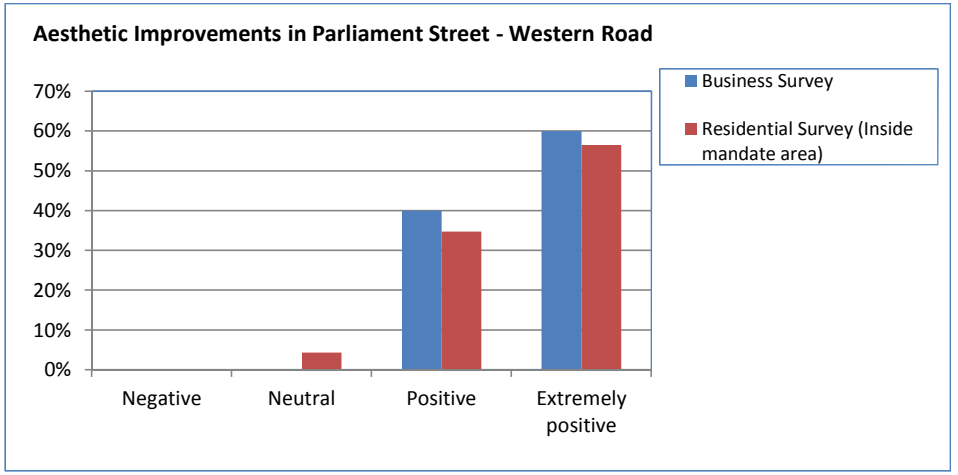
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	4.5%
Neutral	0.0%	9.1%
Positive	40.0%	54.5%
Extremely positive	40.0%	31.8%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	4.3%
Positive	40.0%	34.8%
Extremely positive	60.0%	56.5%





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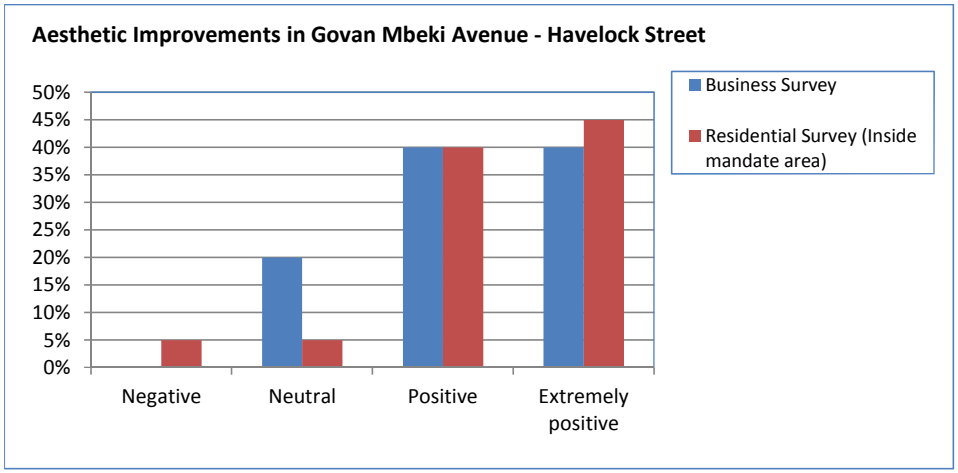
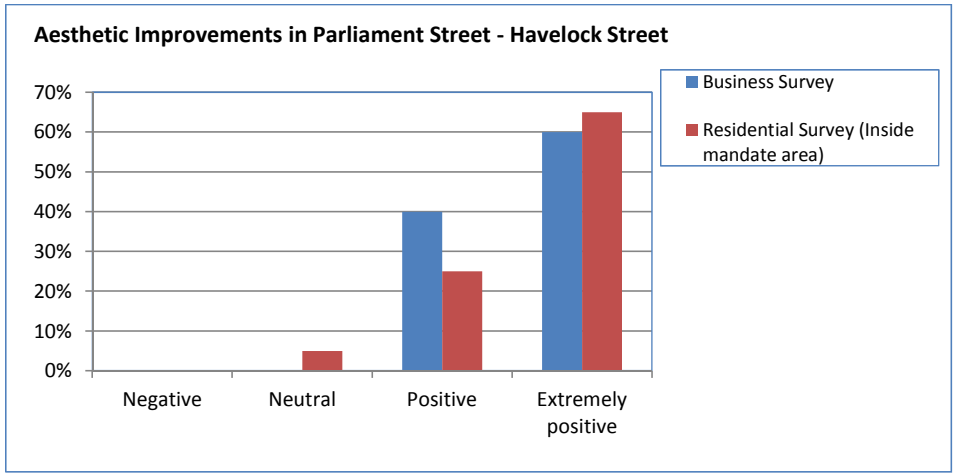
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	5.0%
Neutral	20.0%	5.0%
Positive	40.0%	40.0%
Extremely positive	40.0%	45.0%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	5.0%
Positive	40.0%	25.0%
Extremely positive	60.0%	65.0%





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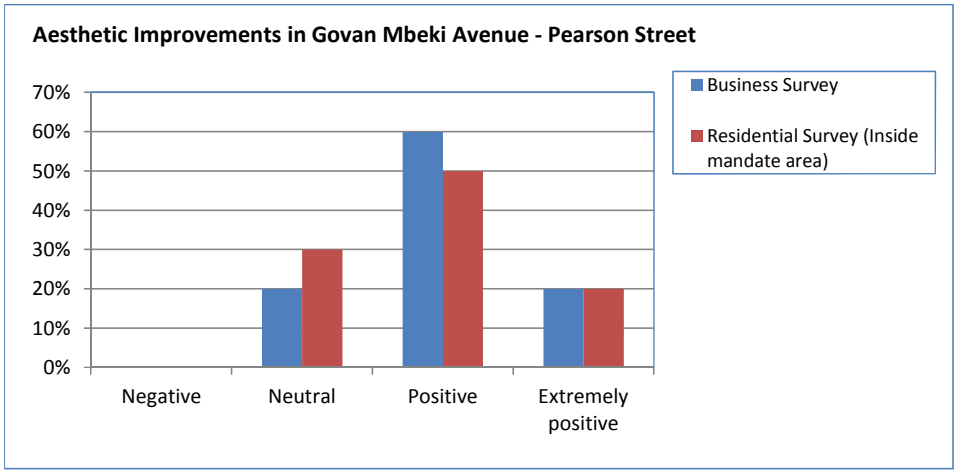
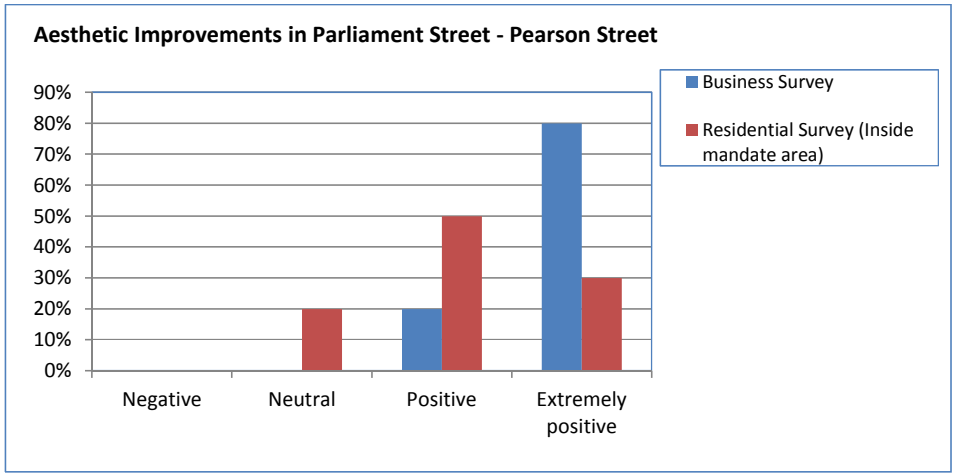
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	20.0%	30.0%
Positive	60.0%	50.0%
Extremely positive	20.0%	20.0%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	20.0%
Positive	20.0%	50.0%
Extremely positive	80.0%	30.0%





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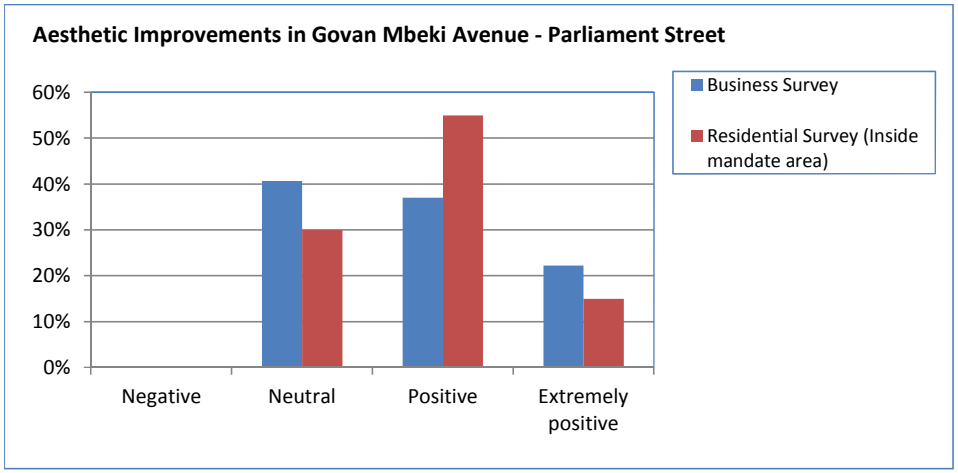
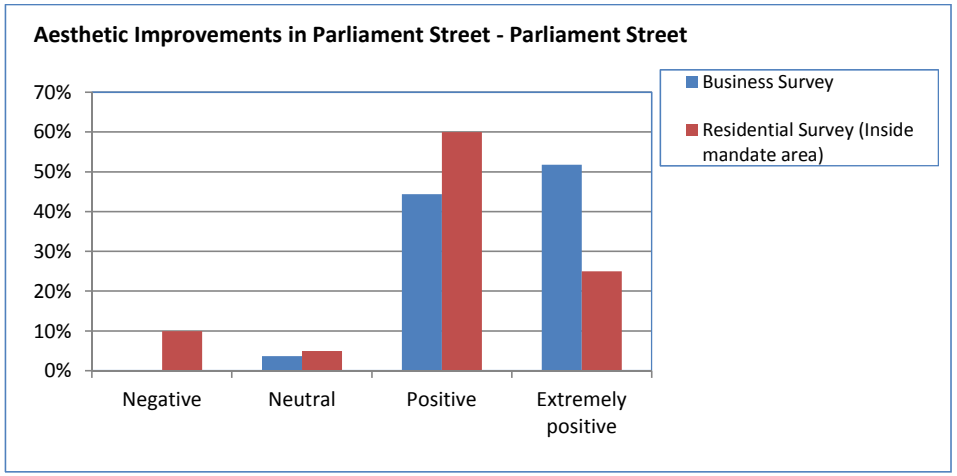
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	40.7%	30.0%
Positive	37.0%	55.0%
Extremely positive	22.2%	15.0%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	10.0%
Neutral	3.7%	5.0%
Positive	44.4%	60.0%
Extremely positive	51.9%	25.0%





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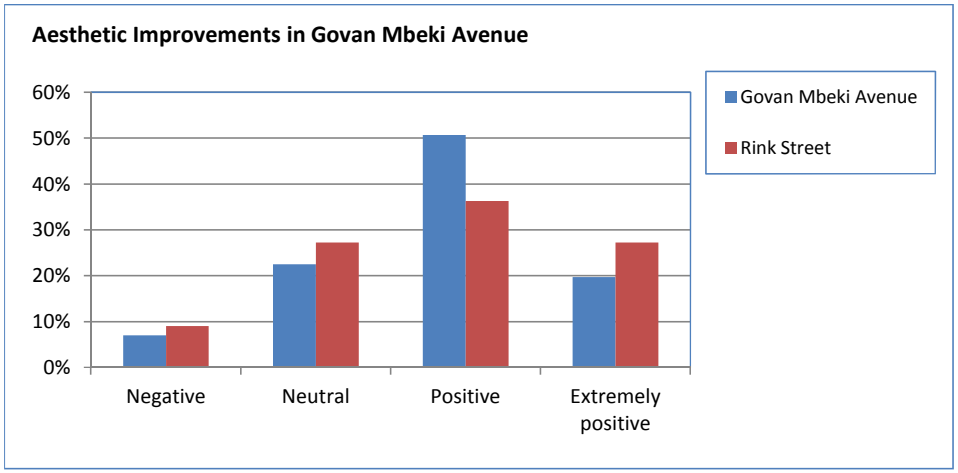
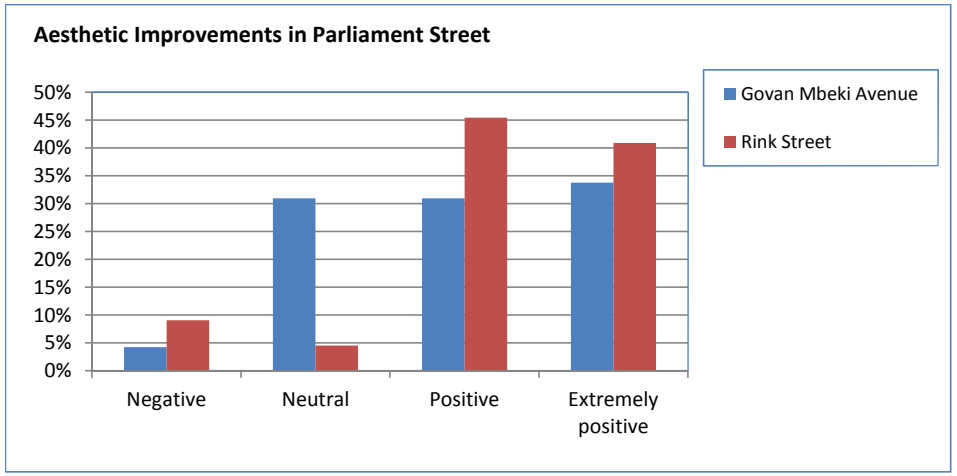
AESTHETIC IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Govan Mbeki Avenue	Rink Street
Negative	7.0%	9.1%
Neutral	22.5%	27.3%
Positive	50.7%	36.4%
Extremely positive	19.7%	27.3%

AESTHETIC IMPROVEMENTS IN PARLIAMENT STREET

	Govan Mbeki Avenue	Rink Street
Negative	4.2%	9.1%
Neutral	31.0%	4.5%
Positive	31.0%	45.5%
Extremely positive	33.8%	40.9%





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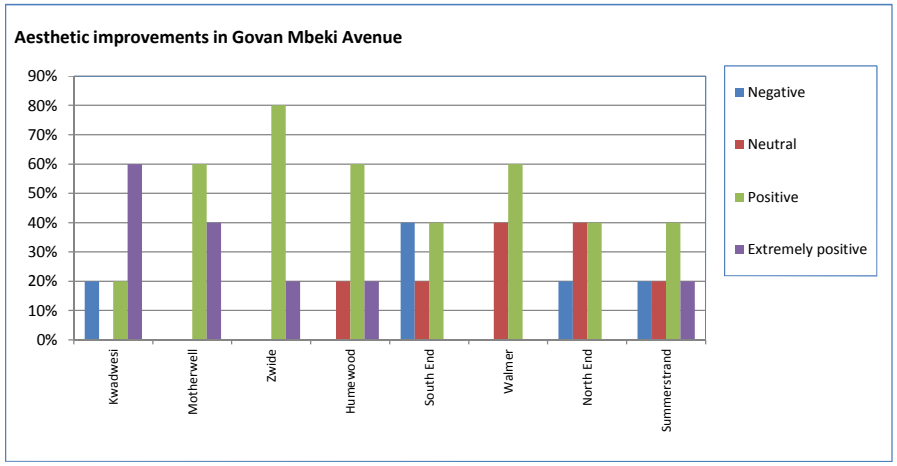
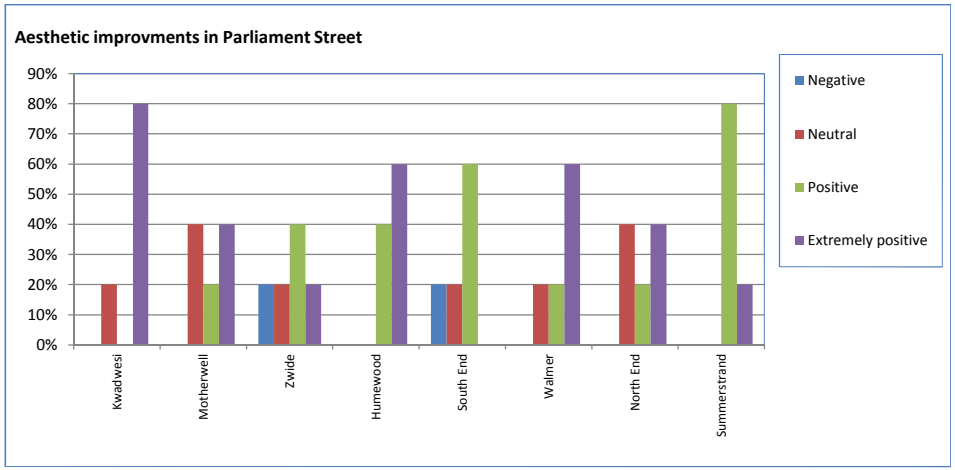
AESTHETIC IMPROVEMENTS - GOVAN MBEKI AVENUE

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Negative	20%	0%	0%	0%	40%	0%	20%	20%
Neutral	0%	0%	0%	20%	20%	40%	40%	20%
Positive	20%	60%	80%	60%	40%	60%	40%	40%
Extremely p	60%	40%	20%	20%	0%	0%	0%	20%

AESTHETIC IMPROVEMENTS - PARLIAMENT STREET

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Negative	0%	0%	20%	0%	20%	0%	0%	0%
Neutral	20%	40%	20%	0%	20%	20%	40%	0%
Positive	0%	20%	40%	40%	60%	20%	20%	80%
Extremely p	80%	40%	20%	60%	0%	60%	40%	20%





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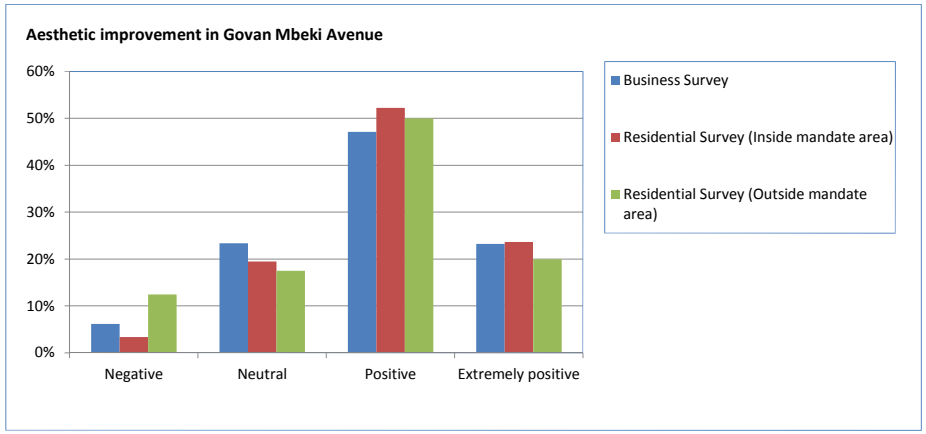
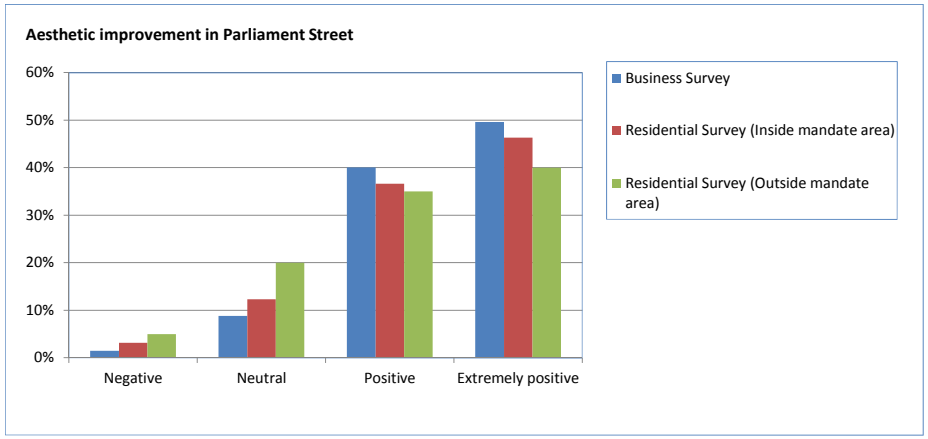
AESTHETIC IMPROVEMENTS - GOVAN MBEKI AVENUE			
	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Negative	6.24%	3%	13%
Neutral	23.39%	20%	18%
Positive	47.12%	52%	50%
Extremely	23.25%	24%	20%

AESTHETIC IMPROVEMENTS - PARLIAMENT STREET			
	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Negative	1%	3%	5%
Neutral	9%	12%	20%
Positive	40%	37%	35%
Extremely	50%	46%	40%





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ANNEXURE D 2

ECONOMIC SURVEY INFORMATION SYSTEM

BUSINESS SURVEY GRAPHS

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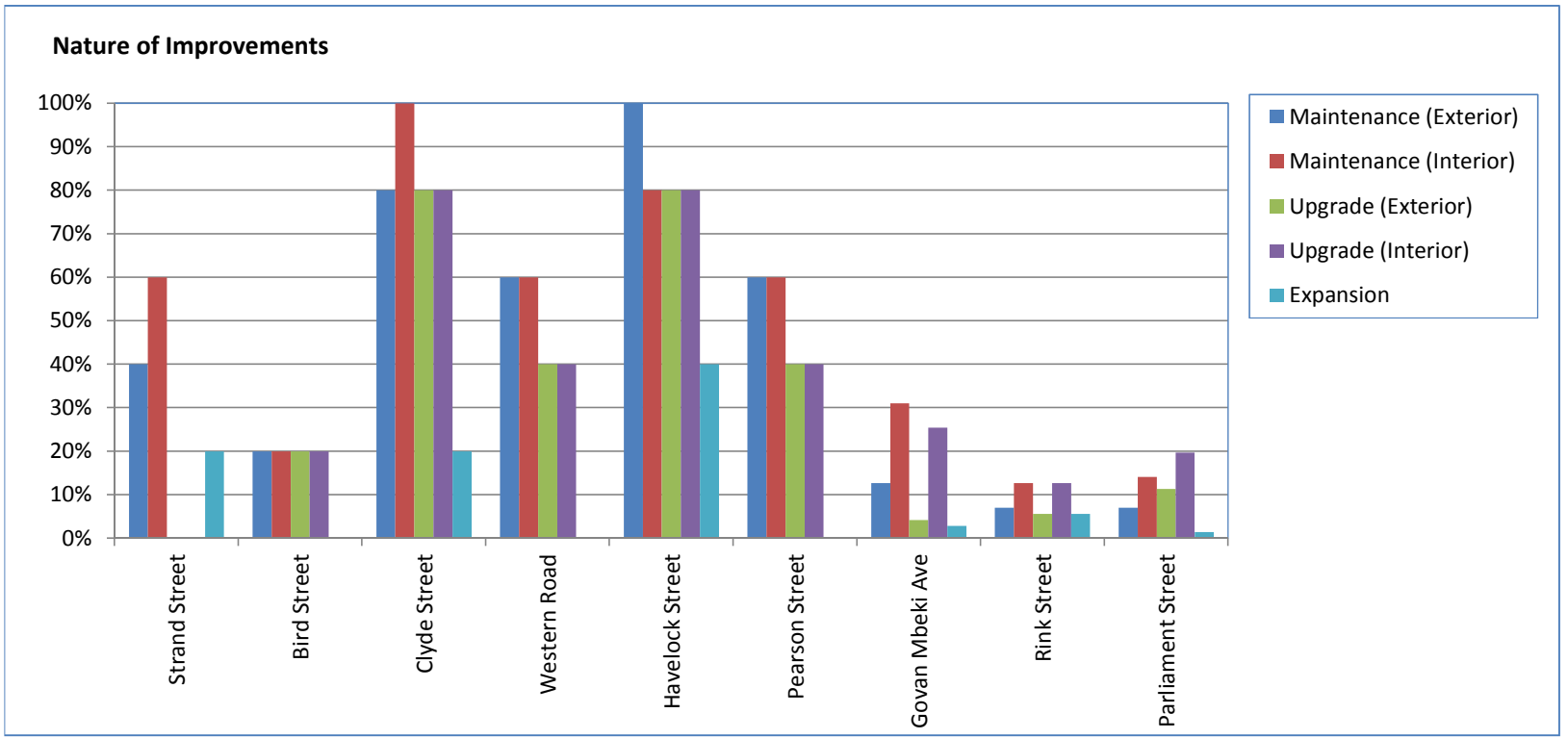
NATURE OF IMPROVEMENTS

	Maintenance (Exterior)	Maintenance (Interior)	Upgrade (Exterior)	Upgrade (Interior)	Expansion
Strand Street	40.0%	60.0%	0.0%	0.0%	20.0%
Bird Street	20.0%	20.0%	20.0%	20.0%	0.0%
Clyde Street	80.0%	100.0%	80.0%	80.0%	20.0%
Western Road	60.0%	60.0%	40.0%	40.0%	0.0%
Havelock Street	100.0%	80.0%	80.0%	80.0%	40.0%
Pearson Street	60.0%	60.0%	40.0%	40.0%	0.0%
Govan Mbeki Ave	12.7%	31.0%	4.2%	25.4%	2.8%
Rink Street	7.0%	12.7%	5.6%	12.7%	5.6%
Parliament Street	7.0%	14.1%	11.3%	19.7%	1.4%



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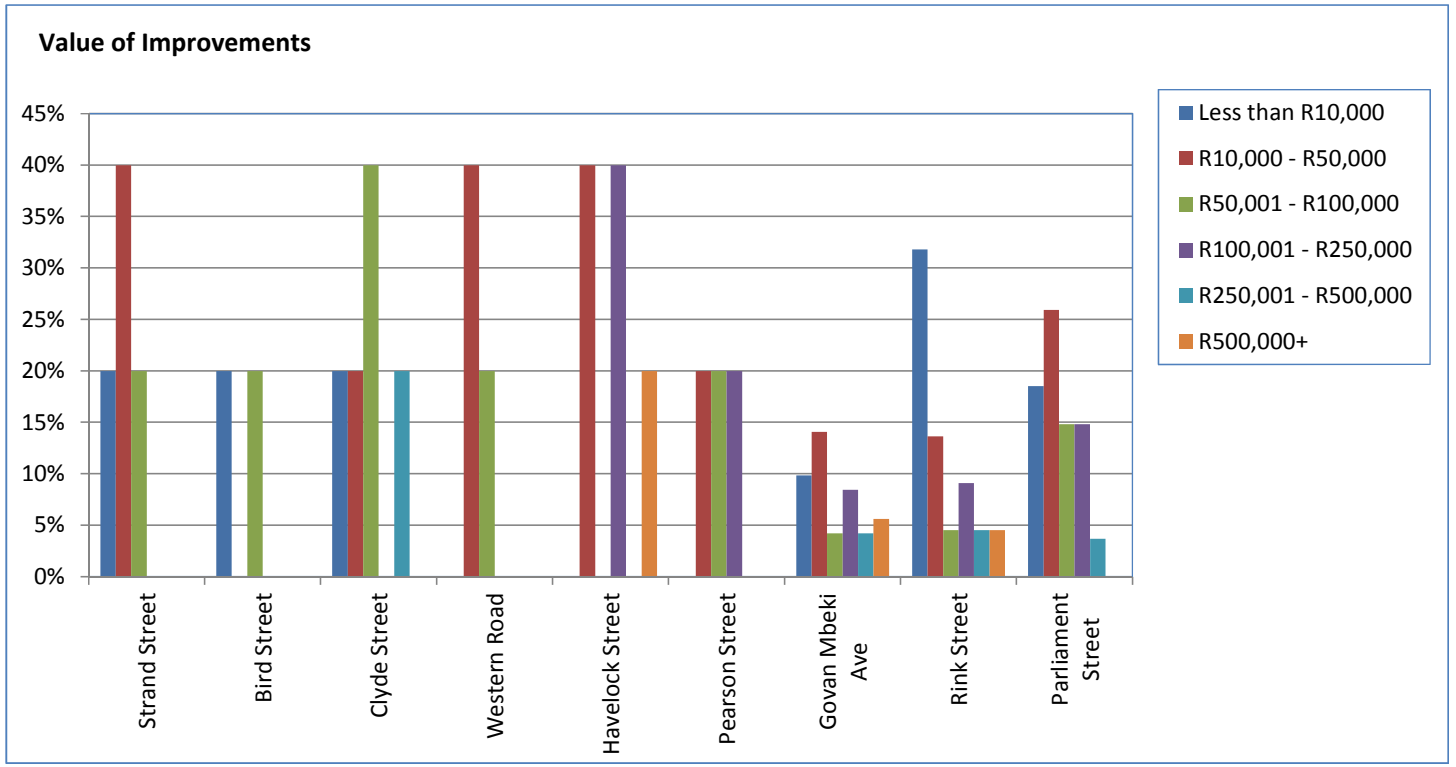
VALUE OF IMPROVEMENTS

	Less than F	R10,000 - R50,000	R50,001 - R100,000	R100,001 - R250,000	R250,001 - R500,000	R500,000+
Strand Street	20.0%	40.0%	20.0%	0.0%	0.0%	0.0%
Bird Street	20.0%	0.0%	20.0%	0.0%	0.0%	0.0%
Clyde Street	20.0%	20.0%	40.0%	0.0%	20.0%	0.0%
Western Road	0.0%	40.0%	20.0%	0.0%	0.0%	0.0%
Havelock Street	0.0%	40.0%	0.0%	40.0%	0.0%	20.0%
Pearson Street	0.0%	20.0%	20.0%	20.0%	0.0%	0.0%
Govan Mbeki Ave	9.9%	14.1%	4.2%	8.5%	4.2%	5.6%
Rink Street	31.8%	13.6%	4.5%	9.1%	4.5%	4.5%
Parliament Street	18.5%	25.9%	14.8%	14.8%	3.7%	0.0%



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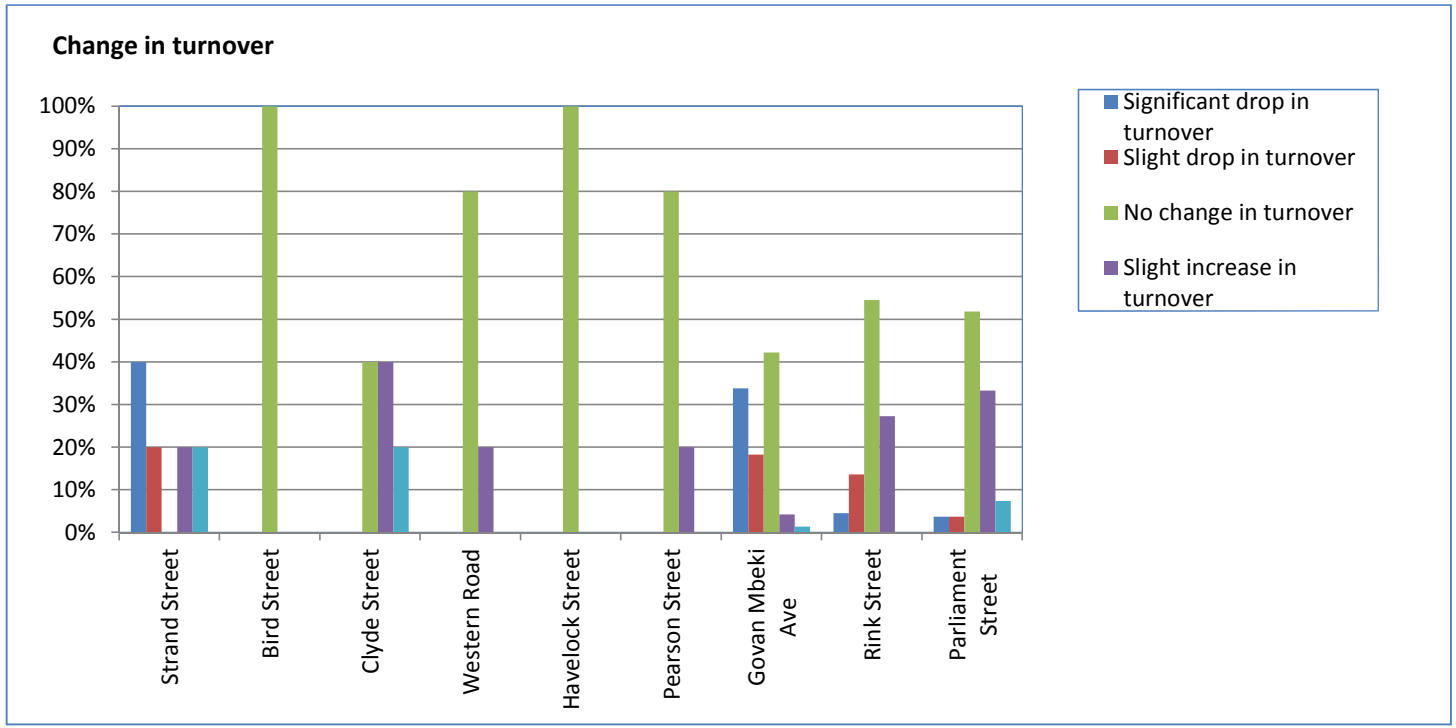
CHANGE IN TURNOVER

	Significant drop in turnover	Slight drop in turnover	No change in turnover	Slight increase in turnover	Significant increase in turnover
Strand Street	40.0%	20.0%	0.0%	20.0%	20.0%
Bird Street	0.0%	0.0%	100.0%	0.0%	0.0%
Clyde Street	0.0%	0.0%	40.0%	40.0%	20.0%
Western Road	0.0%	0.0%	80.0%	20.0%	0.0%
Havelock Street	0.0%	0.0%	100.0%	0.0%	0.0%
Pearson Street	0.0%	0.0%	80.0%	20.0%	0.0%
Govan Mbeki Ave	33.8%	18.3%	42.3%	4.2%	1.4%
Rink Street	4.5%	13.6%	54.5%	27.3%	0.0%
Parliament Street	3.7%	3.7%	51.9%	33.3%	7.4%



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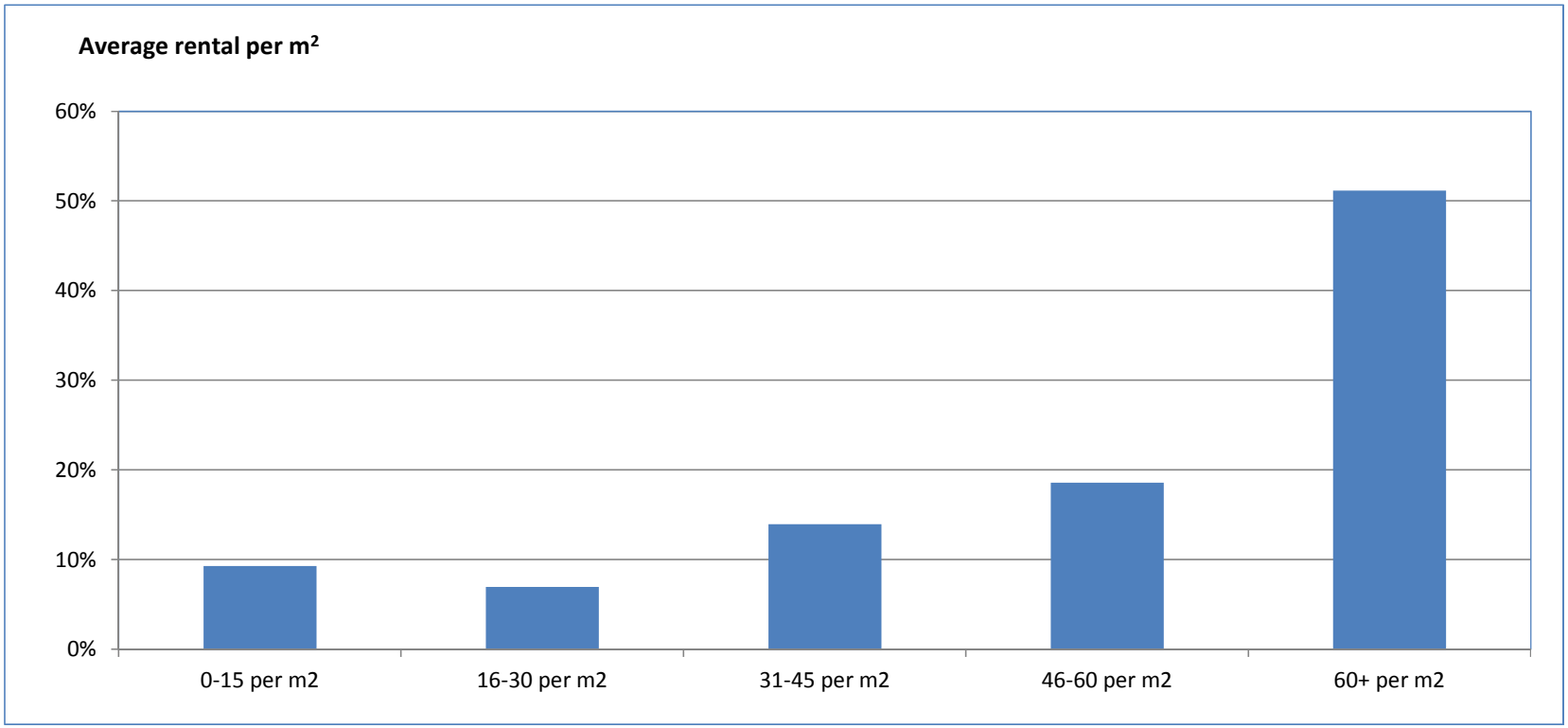
RENT PER M^2				
0-15 per m^2	16-30 per m^2	31-45 per m^2	46-60 per m^2	60+ per m^2
9.3%	**7.0%**	**14.0%**	**18.6%**	**51.2%**



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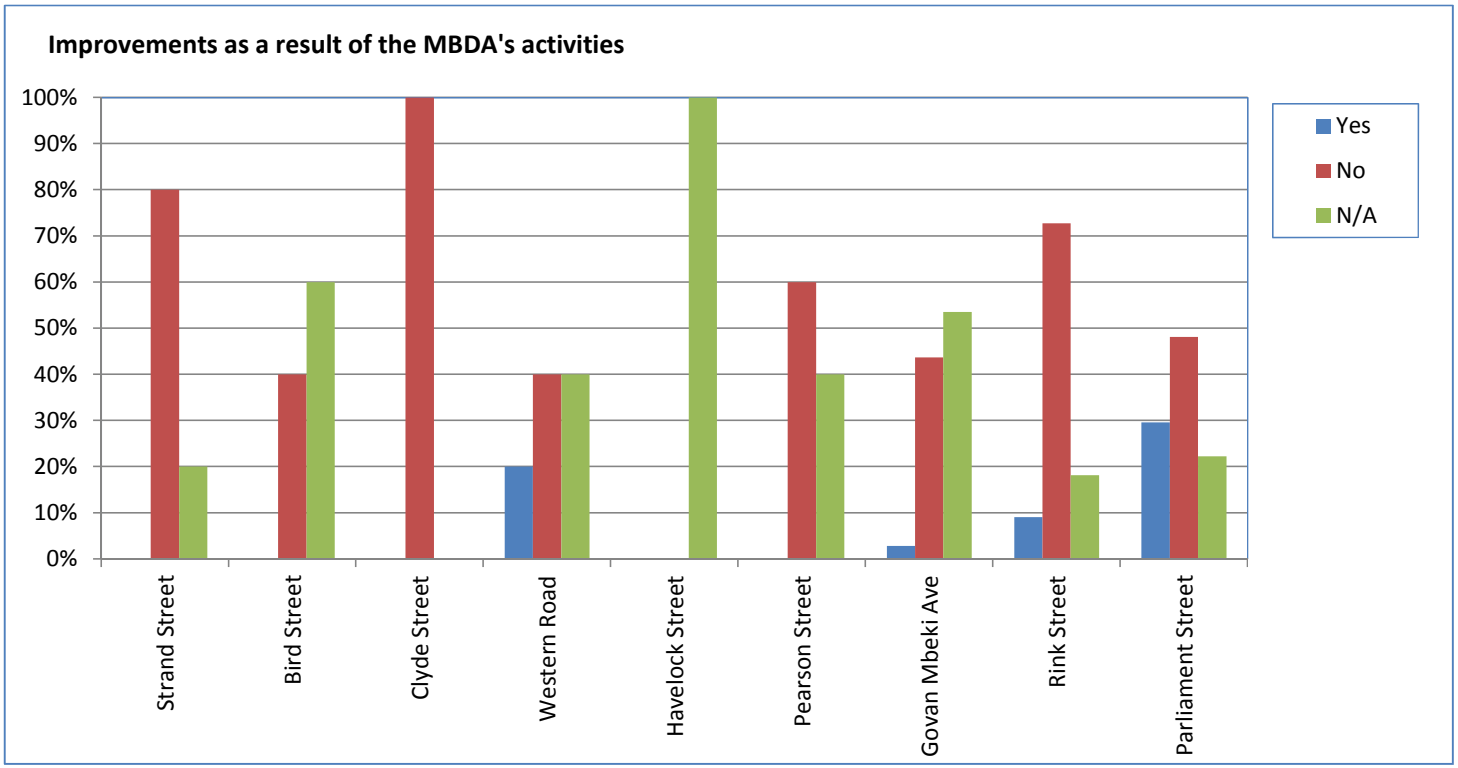
IMPROVEMENTS AS A RESULT OF MBDA

	Yes	No	N/A
Strand Street	0.0%	80.0%	20.0%
Bird Street	0.0%	40.0%	60.0%
Clyde Street	0.0%	100.0%	0.0%
Western Road	20.0%	40.0%	40.0%
Havelock Street	0.0%	0.0%	100.0%
Pearson Street	0.0%	60.0%	40.0%
Govan Mbeki Ave	2.8%	43.7%	53.5%
Rink Street	9.1%	72.7%	18.2%
Parliament Street	29.6%	48.1%	22.2%



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ANNEXURE D 3
ECONOMIC SURVEY INFORMATION SYSTEM

STRESS PROFILE GRAPHS

Environmental Issues

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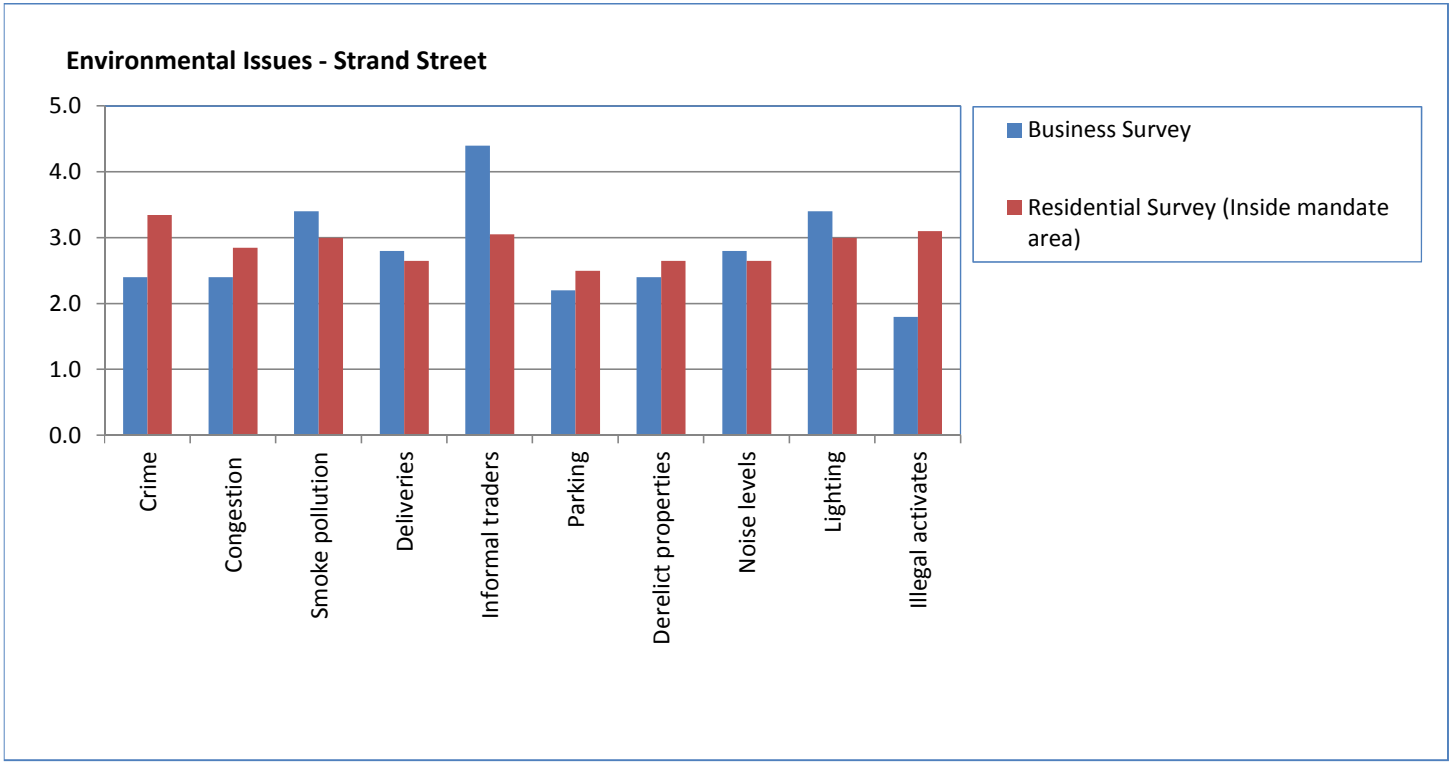
STRAND STREET

	Business Survey	Residential Survey (Inside mandate area)
Crime	2.4	3.4
Congestion	2.4	2.9
Smoke pollution	3.4	3.0
Deliveries	2.8	2.7
Informal traders	4.4	3.1
Parking	2.2	2.5
Derelict properties	2.4	2.7
Noise levels	2.8	2.7
Lighting	3.4	3.0
Illegal activates	1.8	3.1



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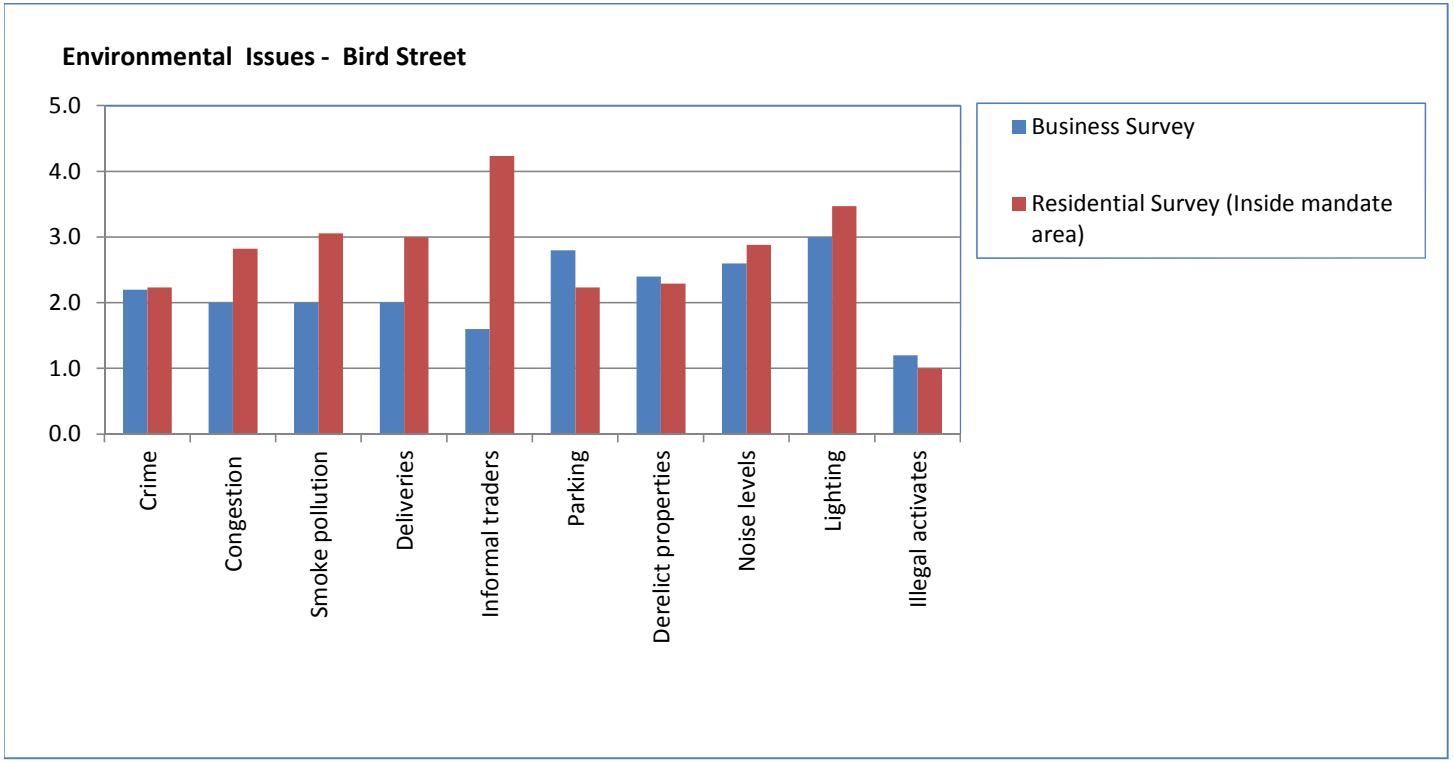
BIRD STREET

	Business Survey	Residential Survey (Inside mandate area)
Crime	2.2	2.2
Congestion	2.0	2.8
Smoke pollution	2.0	3.1
Deliveries	2.0	3.0
Informal traders	1.6	4.2
Parking	2.8	2.2
Derelict properties	2.4	2.3
Noise levels	2.6	2.9
Lighting	3.0	3.5
Illegal activates	1.2	1.0



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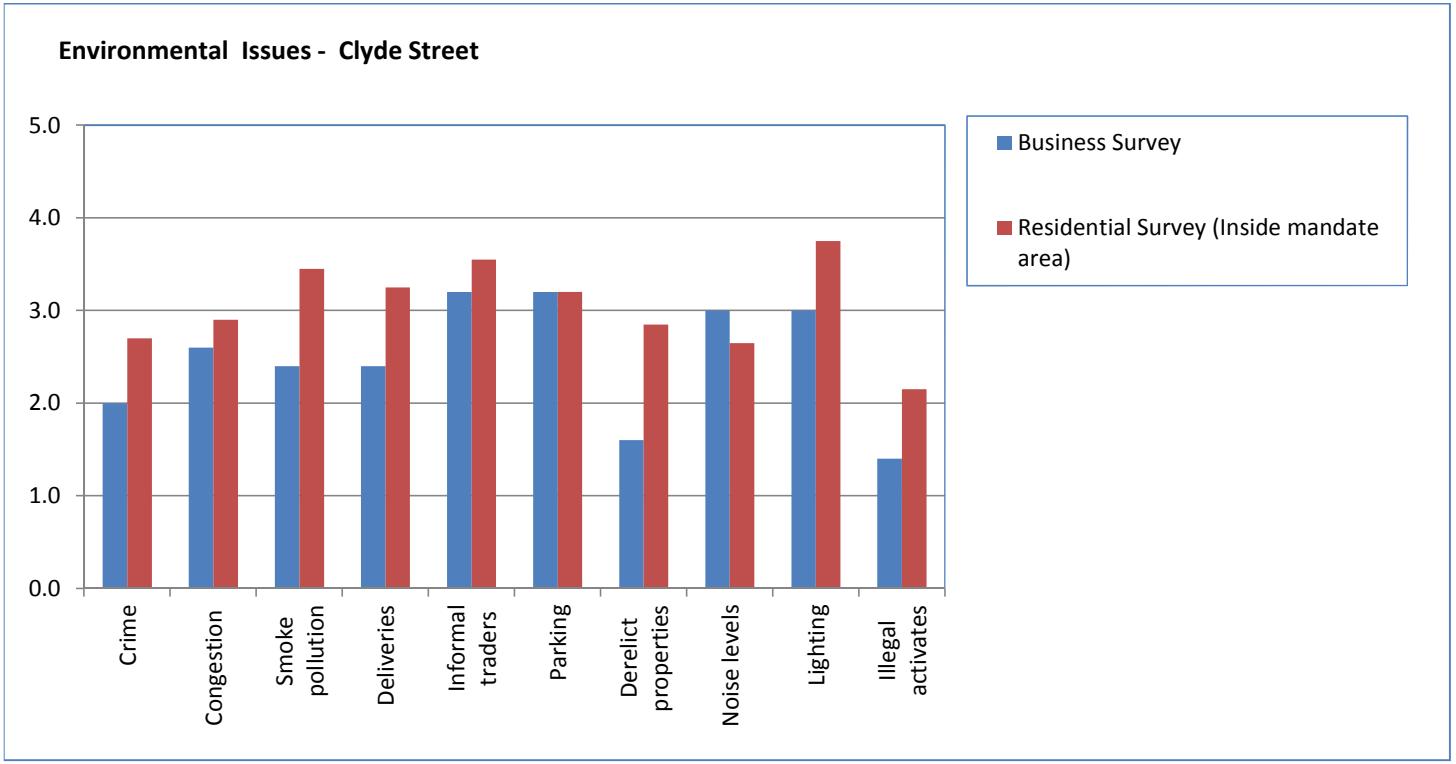
CLYDE STREET

	Business Survey	Residential Survey (Inside mandate area)
Crime	2.0	2.7
Congestion	2.6	2.9
Smoke pollution	2.4	3.5
Deliveries	2.4	3.3
Informal traders	3.2	3.6
Parking	3.2	3.2
Derelict properties	1.6	2.9
Noise levels	3.0	2.7
Lighting	3.0	3.8
Illegal activates	1.4	2.2



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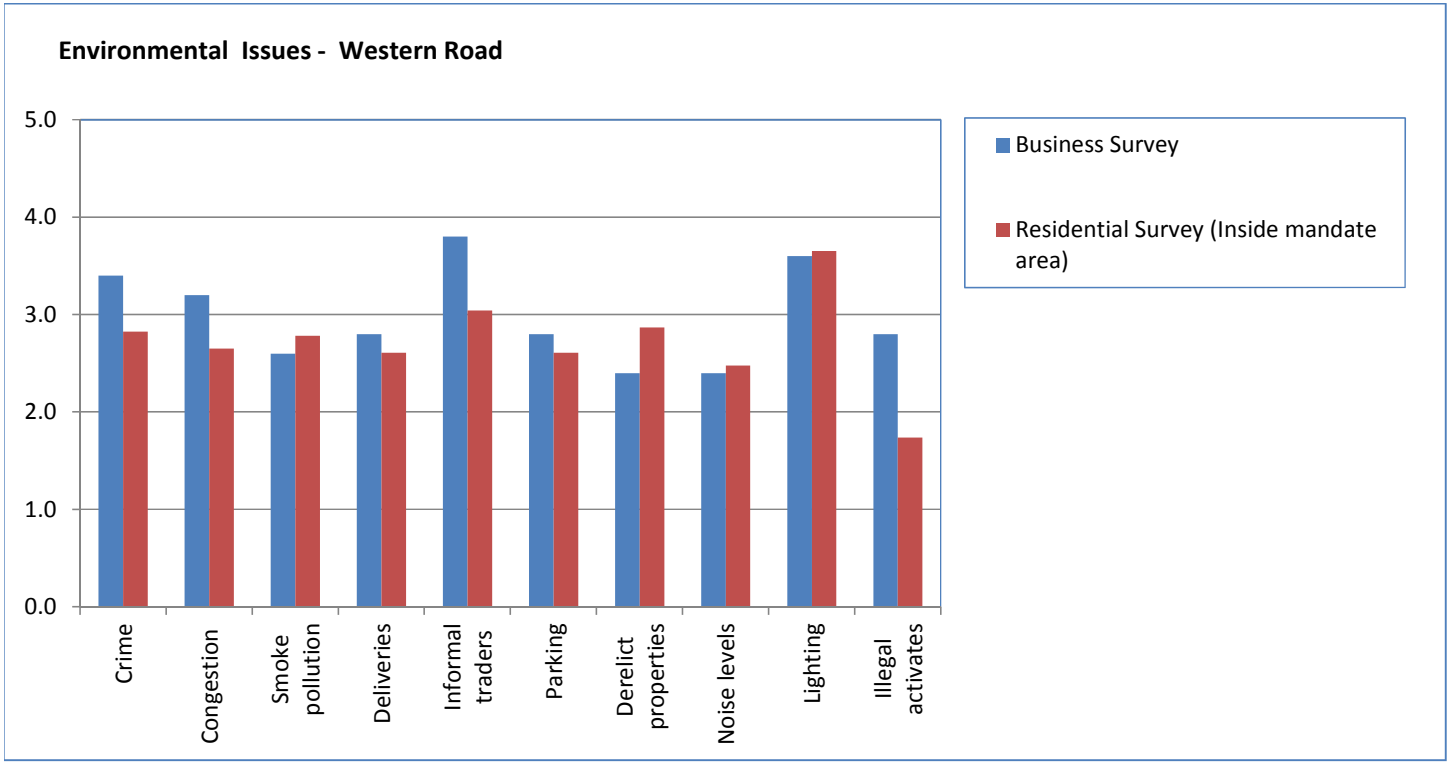
WESTERN ROAD

	Business Survey	Residential Survey (Inside mandate area)
Crime	3.4	2.8
Congestion	3.2	2.7
Smoke pollution	2.6	2.8
Deliveries	2.8	2.6
Informal traders	3.8	3.0
Parking	2.8	2.6
Derelict properties	2.4	2.9
Noise levels	2.4	2.5
Lighting	3.6	3.7
Illegal activates	2.8	1.7



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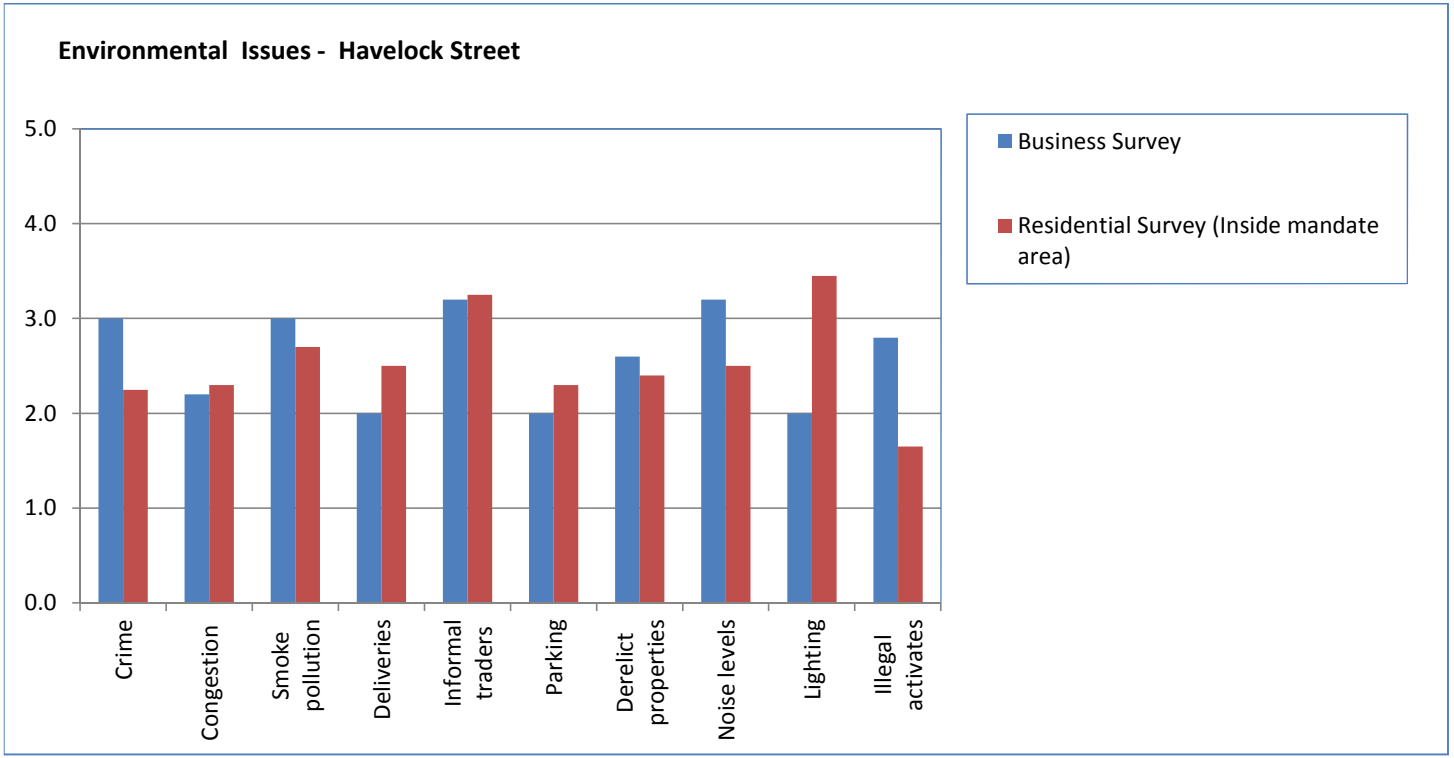
HAVELOCK STREET

	Business Survey	Residential Survey (Inside mandate area)
Crime	3.0	2.3
Congestion	2.2	2.3
Smoke pollution	3.0	2.7
Deliveries	2.0	2.5
Informal traders	3.2	3.3
Parking	2.0	2.3
Derelict properties	2.6	2.4
Noise levels	3.2	2.5
Lighting	2.0	3.5
Illegal activates	2.8	1.7



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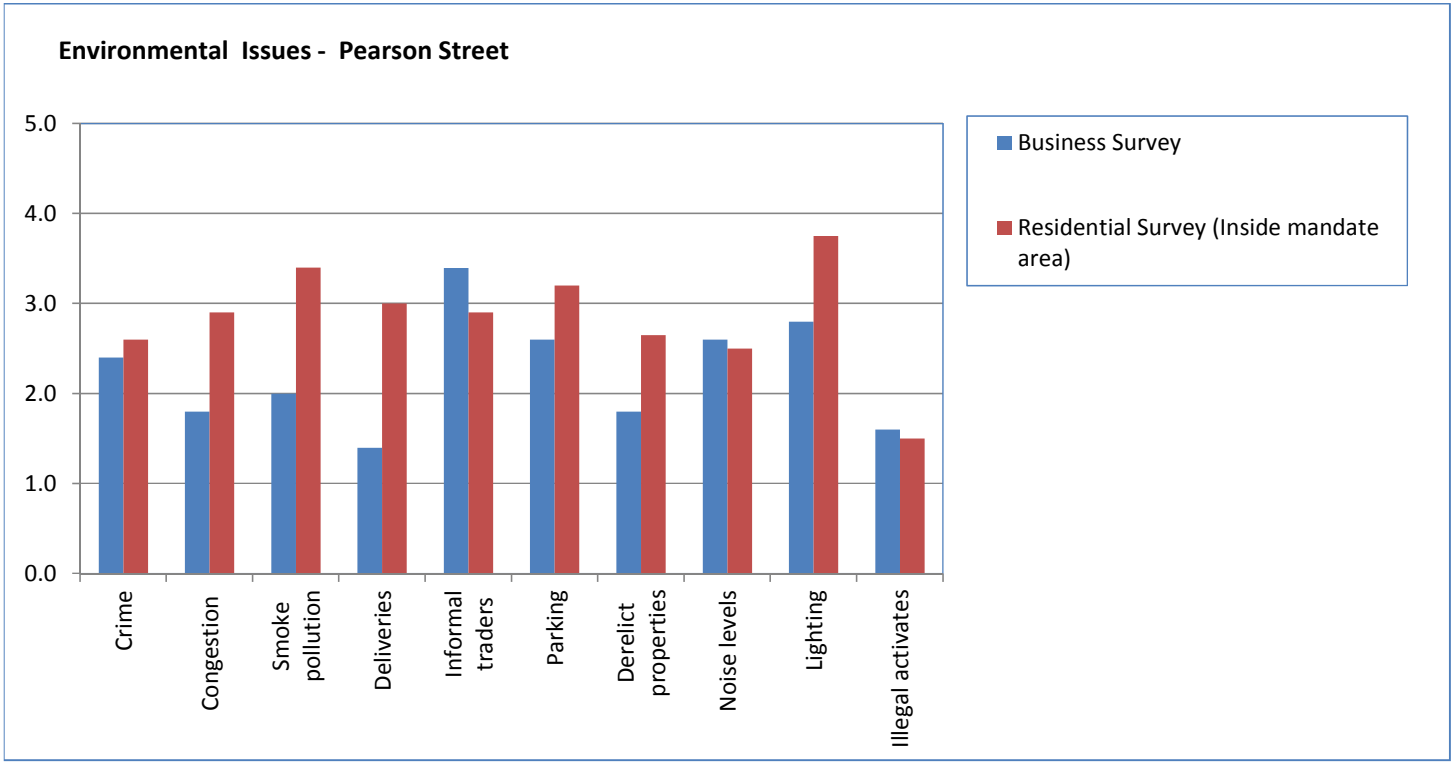
PEARSON STREET		
	Business Survey	Residential Survey (Inside mandate area)
Crime	2.4	2.6
Congestion	1.8	2.9
Smoke pollution	2.0	3.4
Deliveries	1.4	3.0
Informal traders	3.4	2.9
Parking	2.6	3.2
Derelict properties	1.8	2.7
Noise levels	2.6	2.5
Lighting	2.8	3.8
Illegal activates	1.6	1.5



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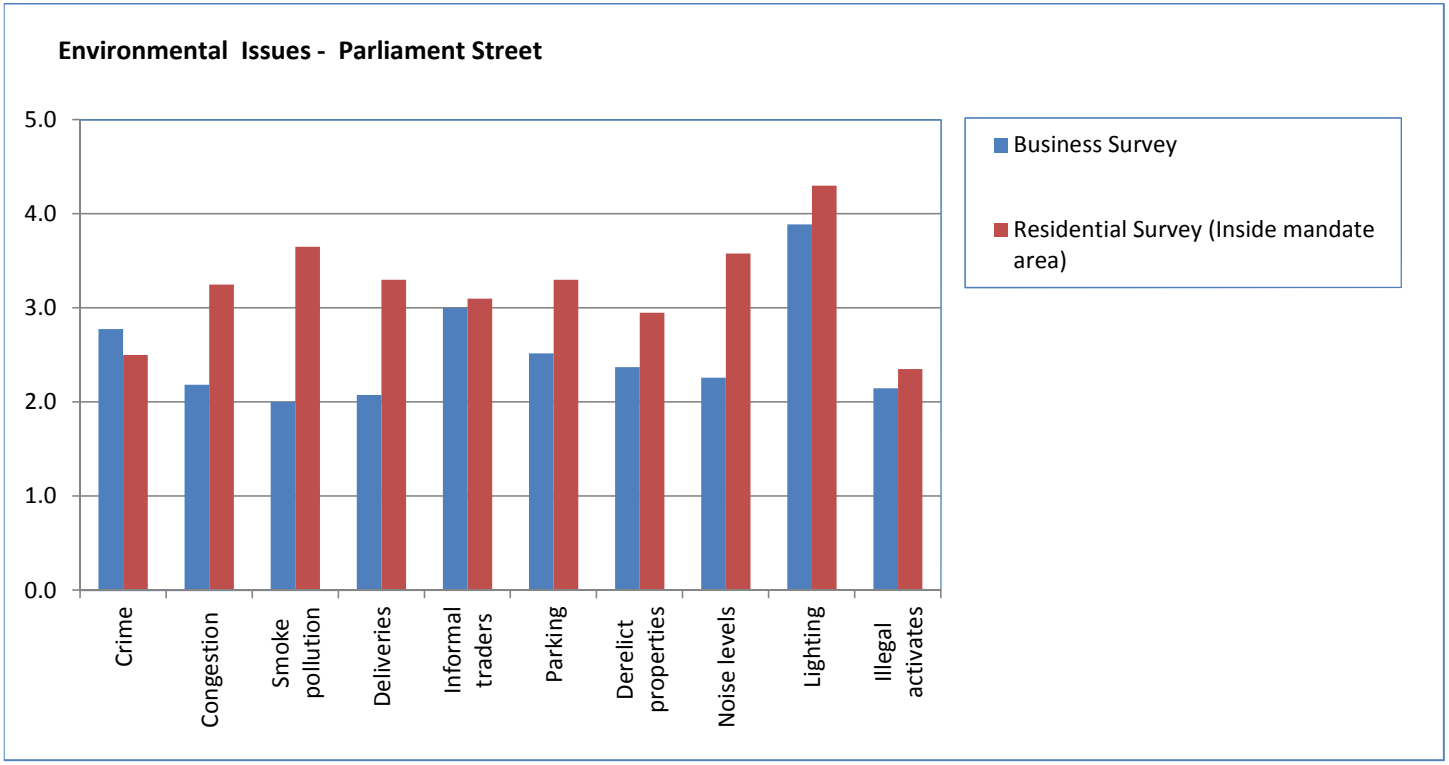
PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Crime	2.8	2.5
Congestion	2.2	3.3
Smoke pollution	2.0	3.7
Deliveries	2.1	3.3
Informal traders	3.0	3.1
Parking	2.5	3.3
Derelict properties	2.4	3.0
Noise levels	2.3	3.6
Lighting	3.9	4.3
Illegal activates	2.1	2.4



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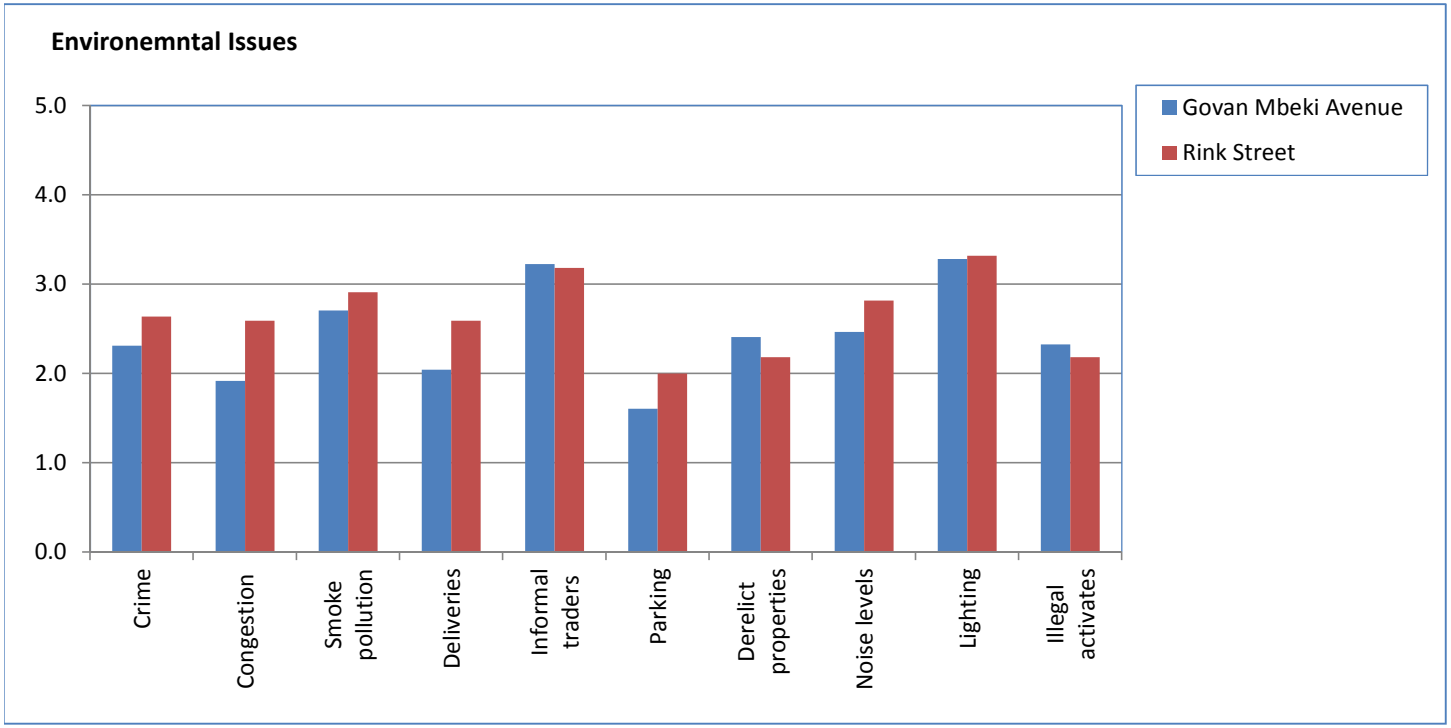
	Govan Mbeki Avenue	Rink Street
Crime	2.3	2.6
Congestion	1.9	2.6
Smoke pollution	2.7	2.9
Deliveries	2.0	2.6
Informal traders	3.2	3.2
Parking	1.6	2.0
Derelict properties	2.4	2.2
Noise levels	2.5	2.8
Lighting	3.3	3.3
Illegal activates	2.3	2.2



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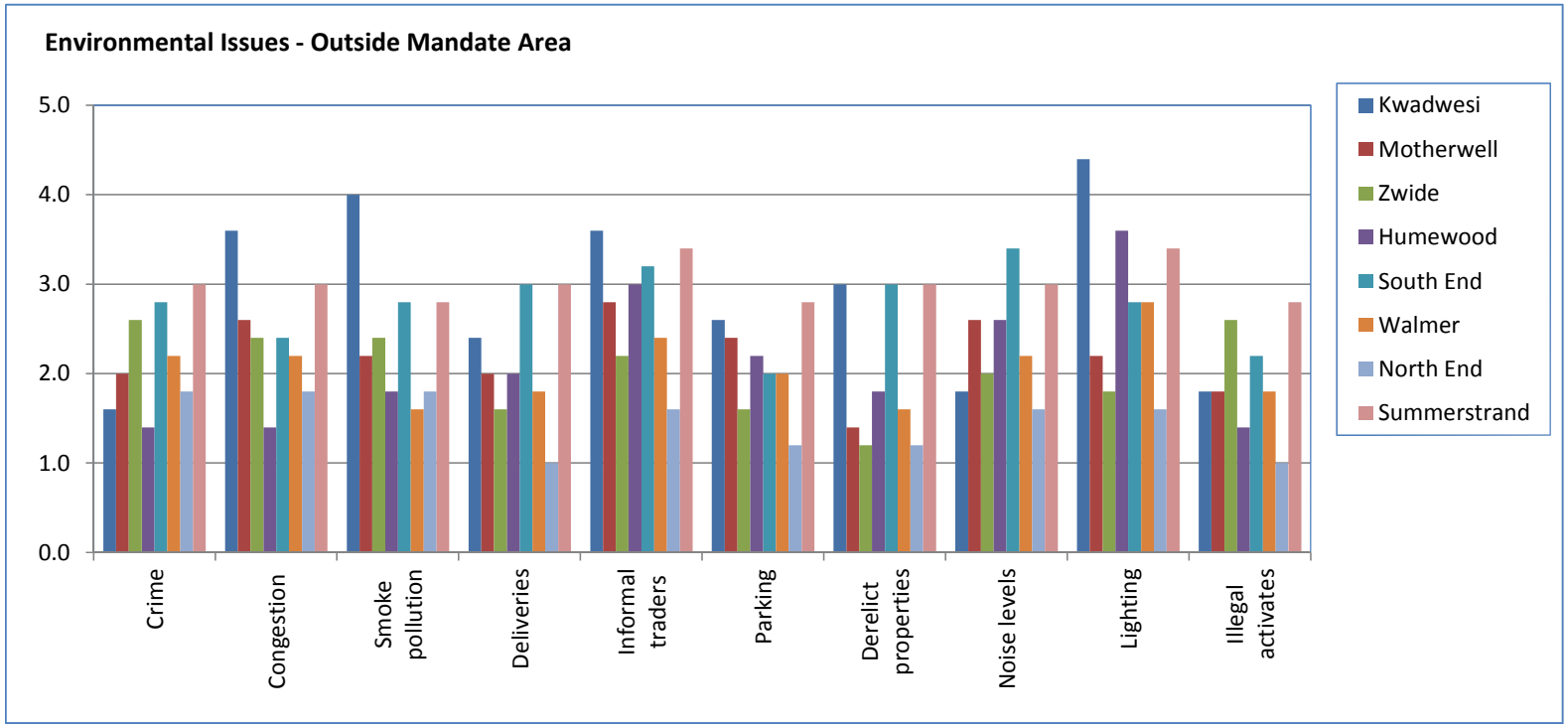
	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Crime	1.6	2	2.6	1.4	2.8	2.2	1.8	3
Congestion	3.6	2.6	2.4	1.4	2.4	2.2	1.8	3
Smoke pollution	4	2.2	2.4	1.8	2.8	1.6	1.8	2.8
Deliveries	2.4	2	1.6	2	3	1.8	1	3
Informal traders	3.6	2.8	2.2	3	3.2	2.4	1.6	3.4
Parking	2.6	2.4	1.6	2.2	2	2	1.2	2.8
Derelict properties	3	1.4	1.2	1.8	3	1.6	1.2	3
Noise levels	1.8	2.6	2	2.6	3.4	2.2	1.6	3
Lighting	4.4	2.2	1.8	3.6	2.8	2.8	1.6	3.4
Illegal activates	1.8	1.8	2.6	1.4	2.2	1.8	1	2.8



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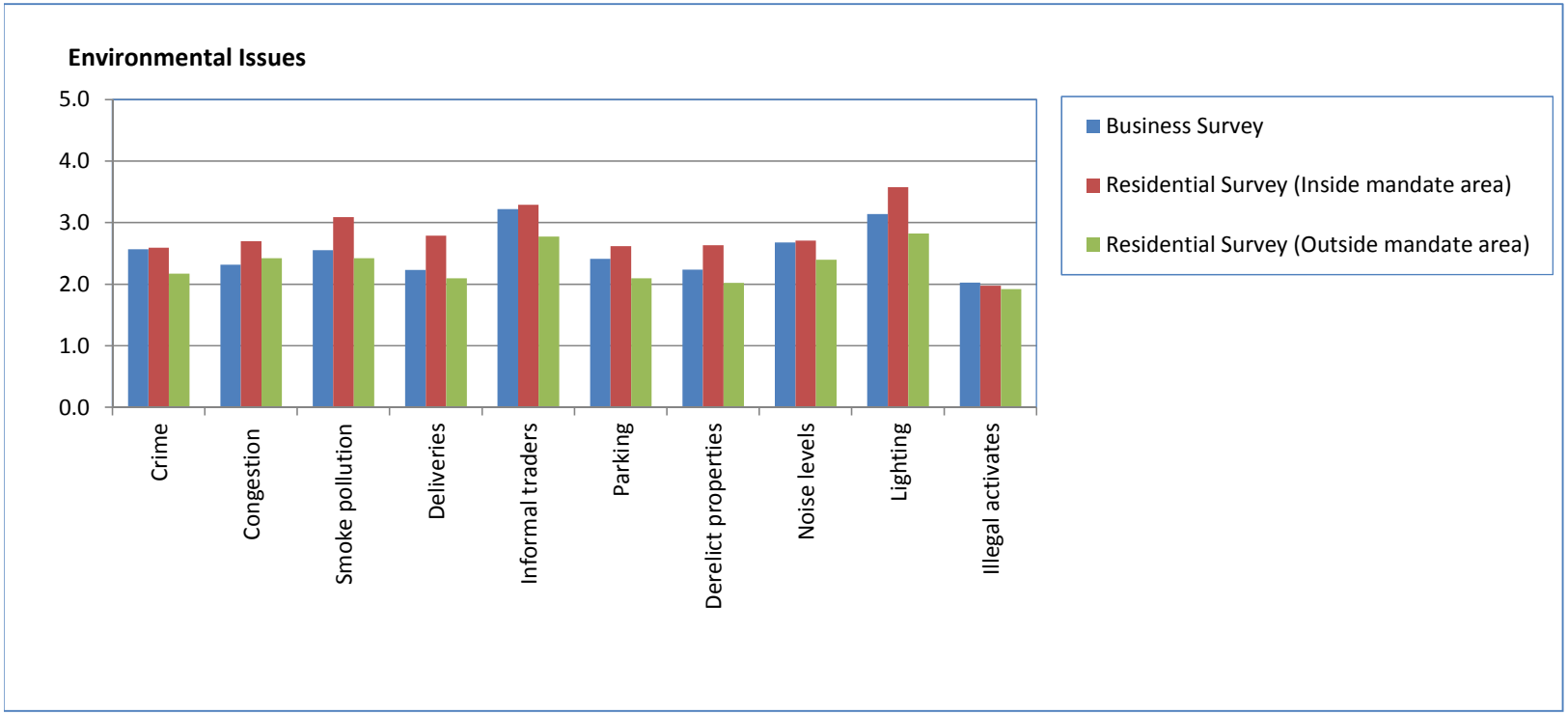
	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Crime	2.6	2.6	2.2
Congestion	2.3	2.7	2.4
Smoke pollution	2.6	3.1	2.4
Deliveries	2.2	2.8	2.1
Informal traders	3.2	3.3	2.8
Parking	2.4	2.6	2.1
Derelict properties	2.2	2.6	2.0
Noise levels	2.7	2.7	2.4
Lighting	3.1	3.6	2.8
Illegal activates	2.0	2.0	1.9



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Crime	Congestior	Smoke poll	Deliveries	Informal tra	Parking	Derelict prc	Noise level
3	3	2	3	3	2	3	2
1	2	2	3	4	3	3	
3	3	4	4	5	4	4	4
1	3	3	3	4	3	3	4
2	2	5	3	1	4	2	4
2	3	3	3	4	3	3	4
3	4	4	4	5	5	5	5
1	5	3	5	2	2	1	3
3	3	3	4	2	3	3	3
1	5	5	4	3	3	4	5
3	4	4	0	0	0	0	4
3	4	5	5	4	5	4	5
5	3	3	3	4	3	4	2
3	2	3	3	2	4	2	5
1	2	3	3	4	1	3	1
4	4	3	3	3	4	3	4
2	4	4	3	4	4	3	1
4	3	5	4	4	4	3	4
4	3	4	3	3	4	3	4
1	3	5	3	1	5	3	4
2.5	3.25	3.65	3.3	3.1	3.3	2.95	3.578947

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Lighting	Illegal activates
4	1
4	1
5	2
4	2
5	1
5	1
4	4
5	5
2	2
5	2
4	4
5	1
3	5
3	2
4	1
5	3
4	1
5	3
5	5
5	1
4.3	2.35

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ANNEXURE D 4
ECONOMIC SURVEY INFORMATION SYSTEM

STRESS PROFILE GRAPHS

Functional Improvements

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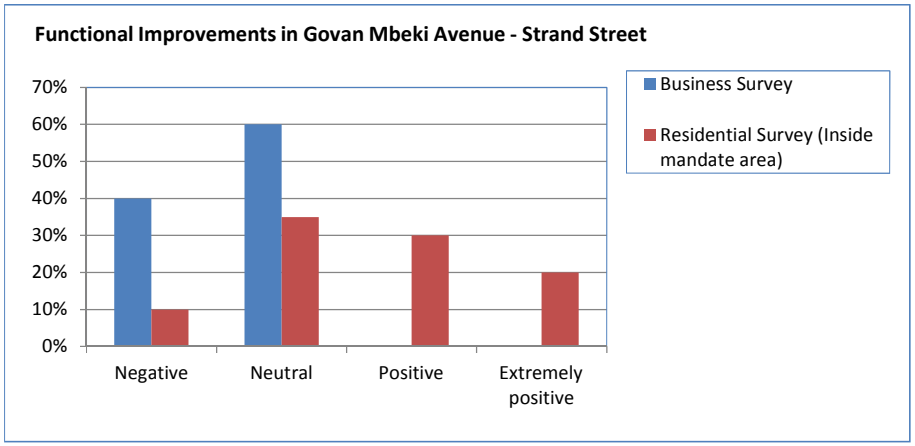
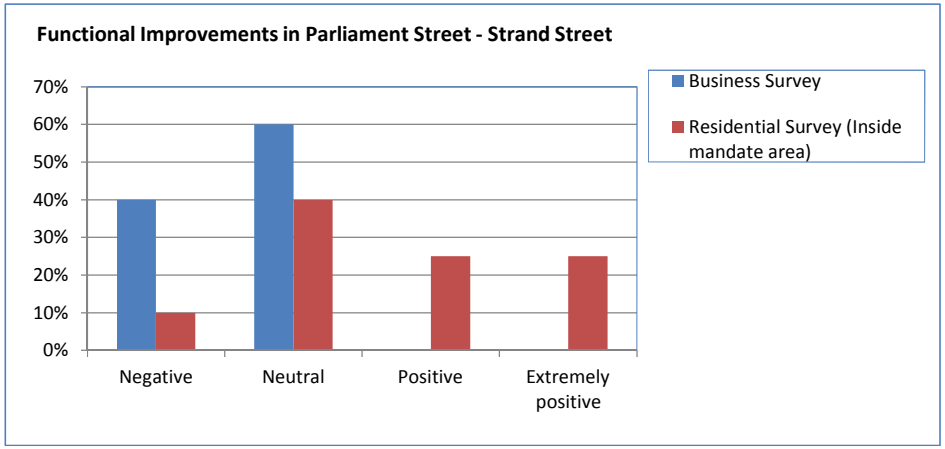
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	40.0%	10.0%
Neutral	60.0%	35.0%
Positive	0.0%	30.0%
Extremely positive	0.0%	20.0%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	40.0%	10.0%
Neutral	60.0%	40.0%
Positive	0.0%	25.0%
Extremely positive	0.0%	25.0%





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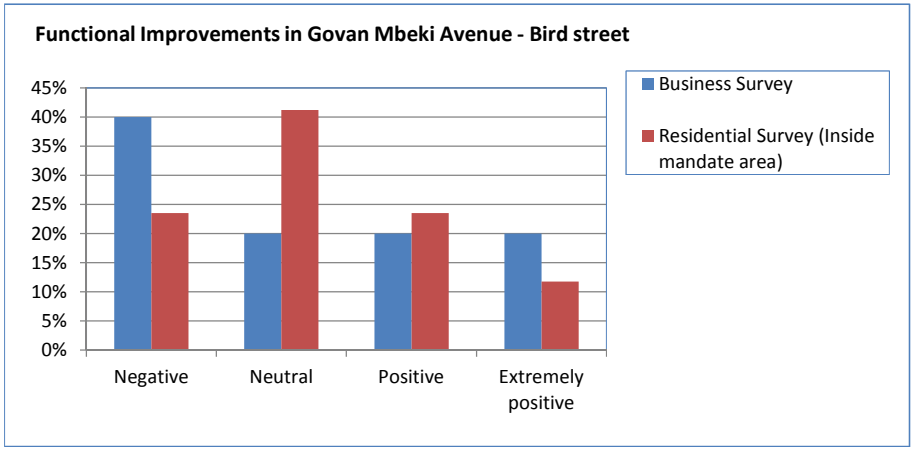
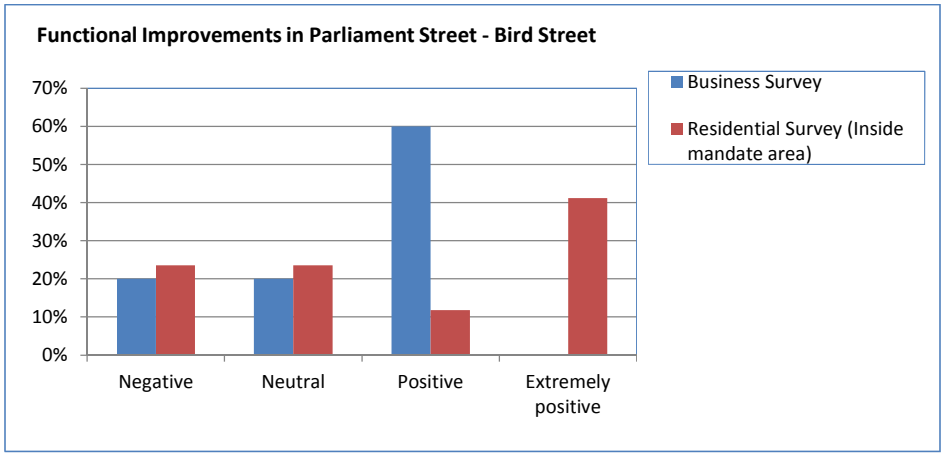
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	40.0%	23.5%
Neutral	20.0%	41.2%
Positive	20.0%	23.5%
Extremely positive	20.0%	11.8%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	23.5%
Neutral	20.0%	23.5%
Positive	60.0%	11.8%
Extremely positive	0.0%	41.2%





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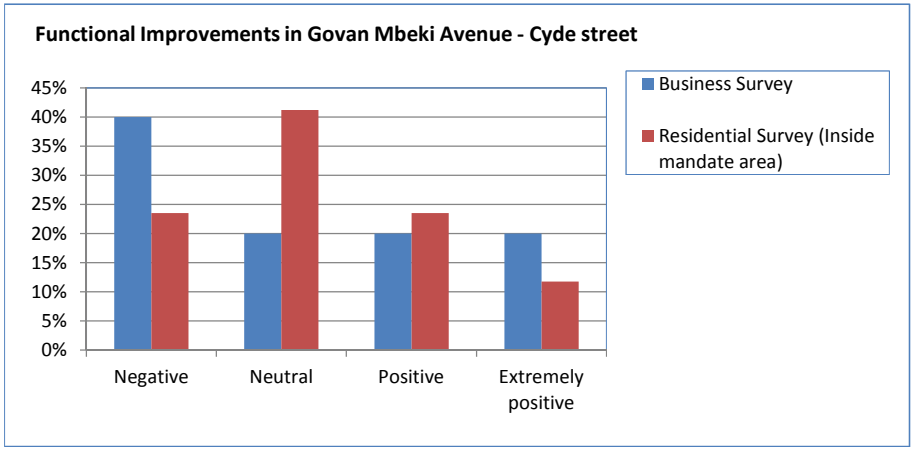
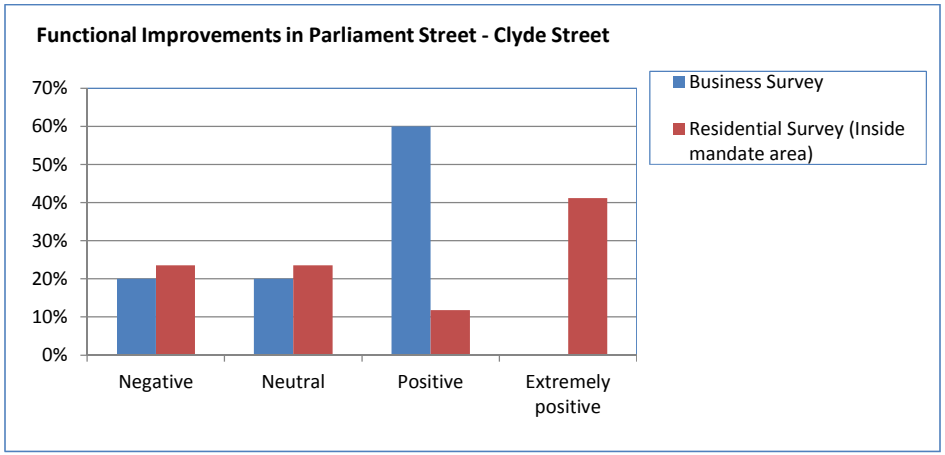
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	40.0%
Neutral	60.0%	15.0%
Positive	0.0%	35.0%
Extremely positive	40.0%	10.0%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	5.0%
Neutral	20.0%	25.0%
Positive	40.0%	60.0%
Extremely positive	40.0%	10.0%





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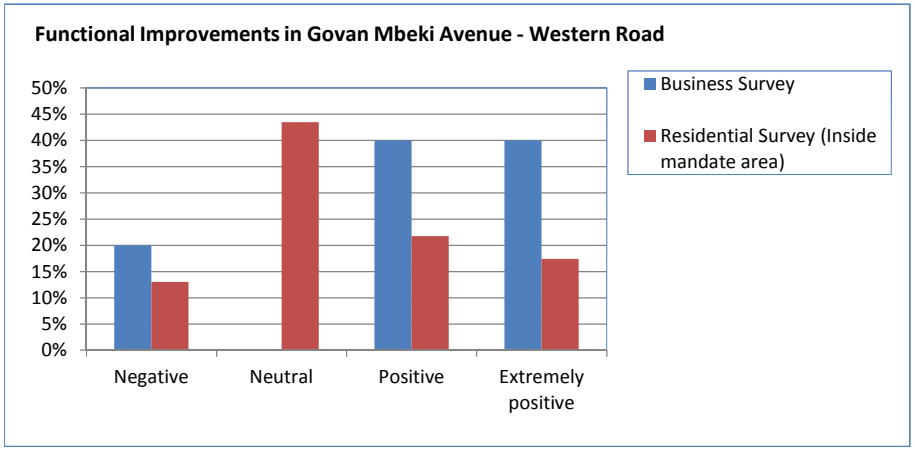
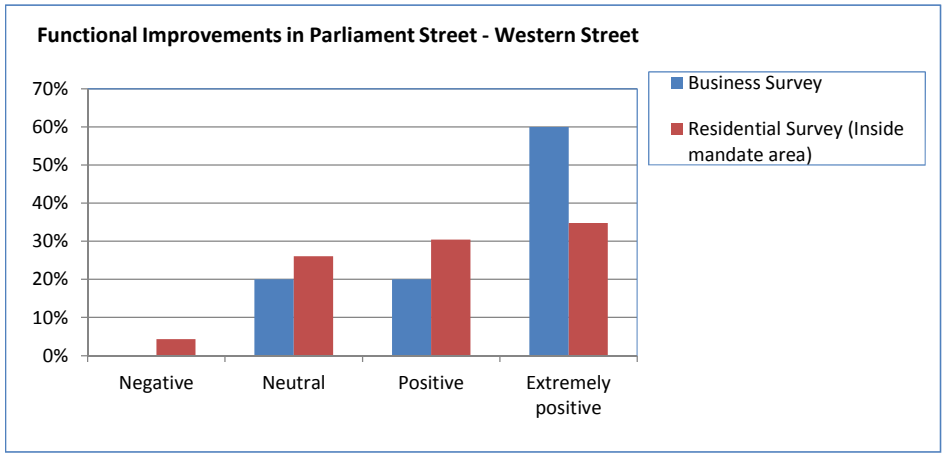
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	13.0%
Neutral	0.0%	43.5%
Positive	40.0%	21.7%
Extremely positive	40.0%	17.4%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	4.3%
Neutral	20.0%	26.1%
Positive	20.0%	30.4%
Extremely positive	60.0%	34.8%





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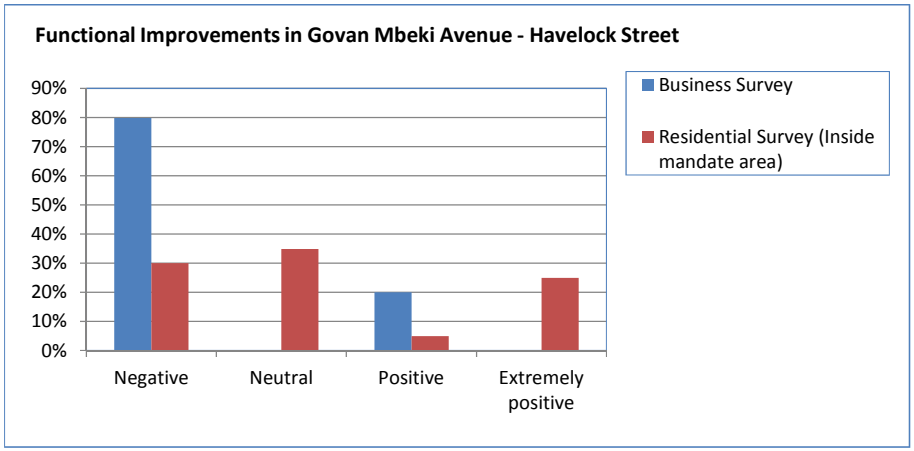
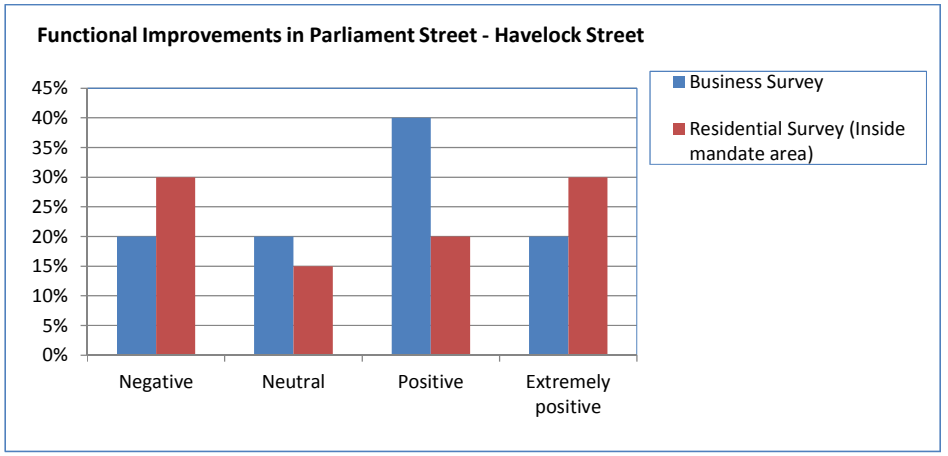
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	80.0%	30.0%
Neutral	0.0%	35.0%
Positive	20.0%	5.0%
Extremely positive	0.0%	25.0%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	30.0%
Neutral	20.0%	15.0%
Positive	40.0%	20.0%
Extremely positive	20.0%	30.0%





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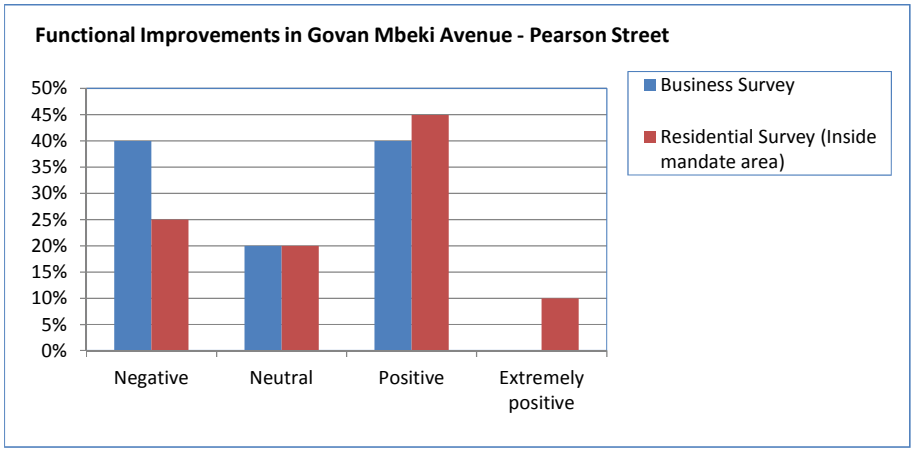
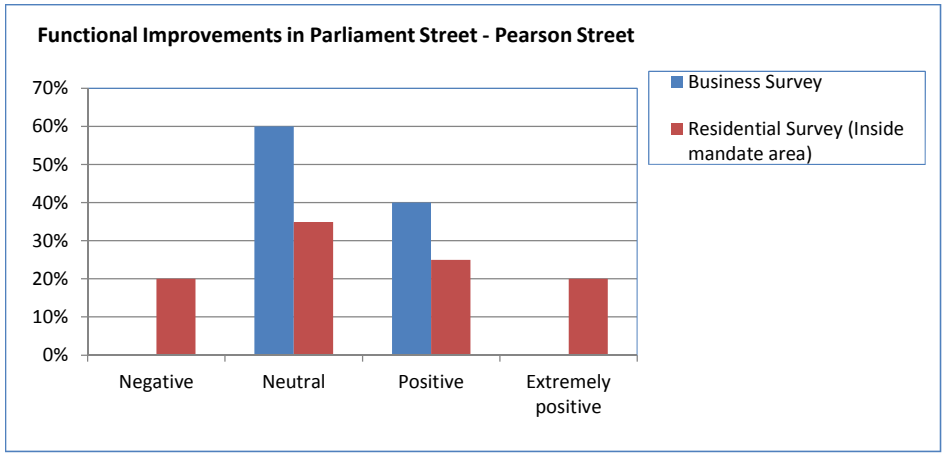
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	40.0%	25.0%
Neutral	20.0%	20.0%
Positive	40.0%	45.0%
Extremely positive	0.0%	10.0%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	20.0%
Neutral	60.0%	35.0%
Positive	40.0%	25.0%
Extremely positive	0.0%	20.0%





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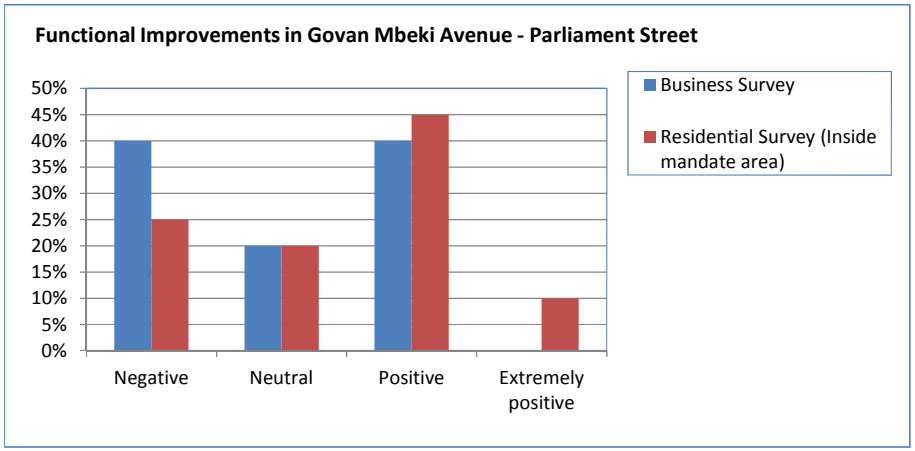
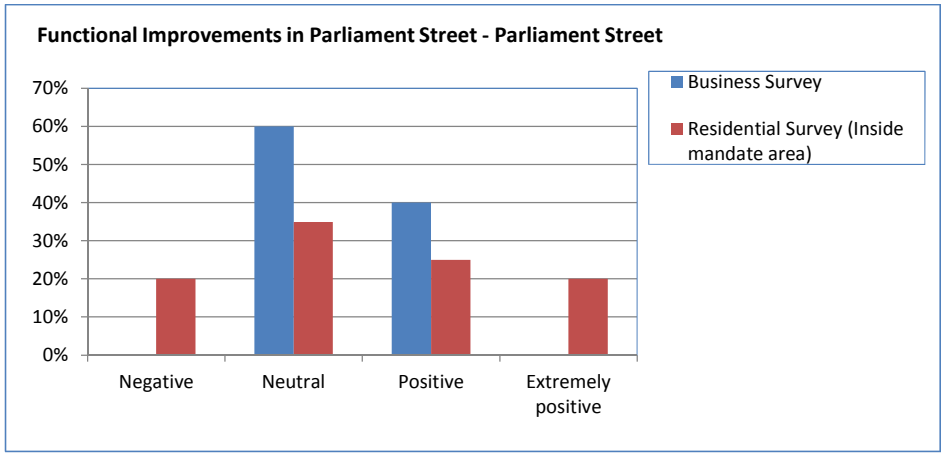
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)
Negative	14.8%	25.0%
Neutral	59.3%	40.0%
Positive	22.2%	25.0%
Extremely positive	3.7%	10.0%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)
Negative	25.9%	15.0%
Neutral	18.5%	15.0%
Positive	40.7%	55.0%
Extremely positive	14.8%	15.0%





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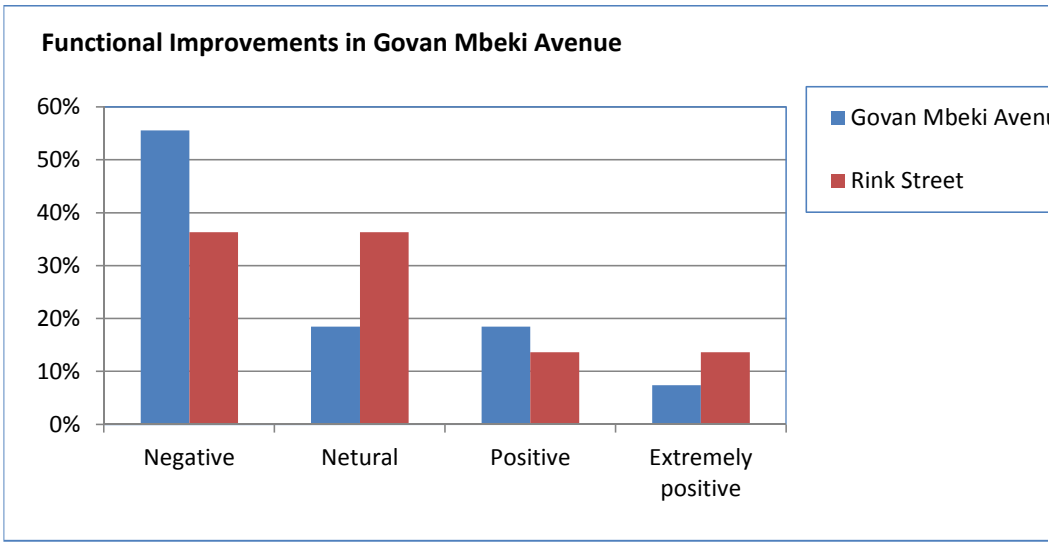
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE		
	Govan Mbeki Avenue	Rink Street
Negative	55.6%	36.4%
Netural	18.5%	36.4%
Positive	18.5%	13.6%
Extremely positive	7.4%	13.6%

FUNCTIONAL IMPF
Negative
Neutral
Positive
Extremely positive



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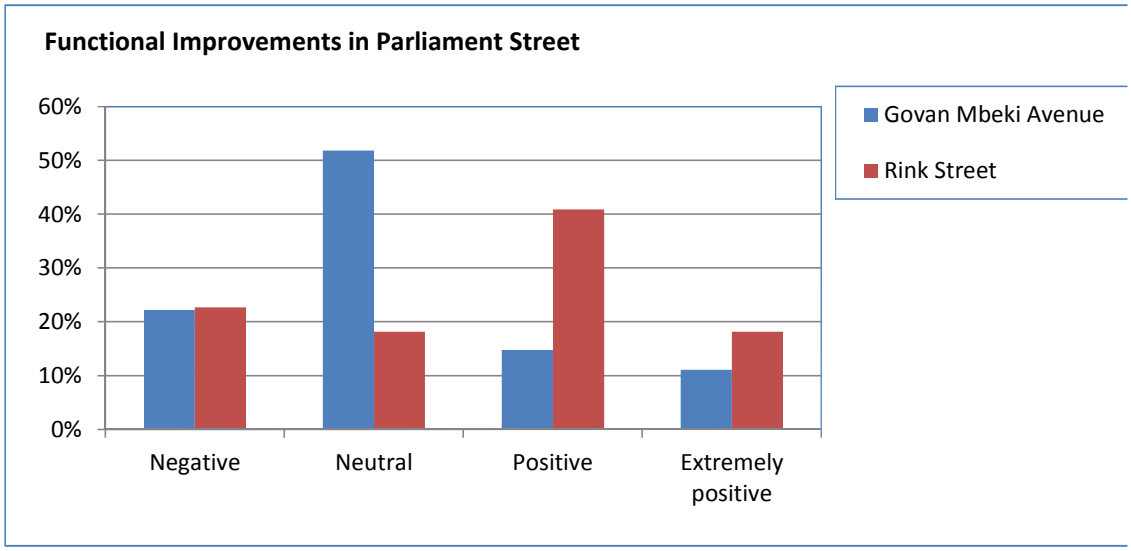
ROVEMENTS IN PARLIAMENT STREET	
Govan Mbeki Avenue	Rink Street
22.2%	22.7%
51.9%	18.2%
14.8%	40.9%
11.1%	18.2%

ue



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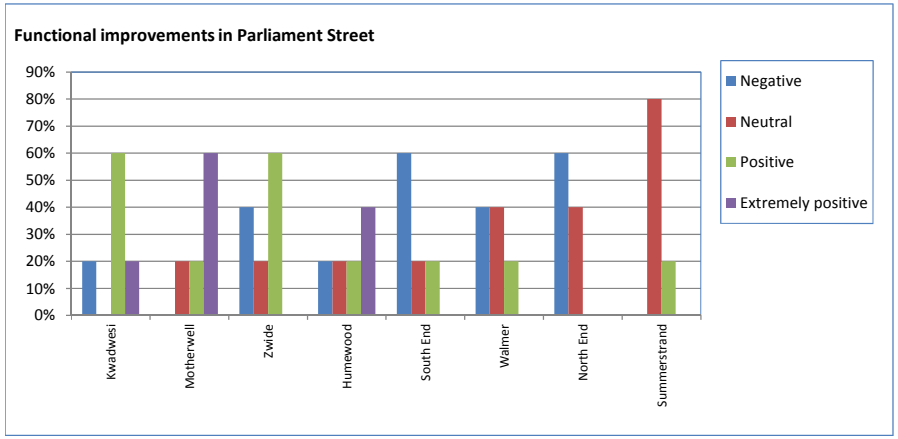
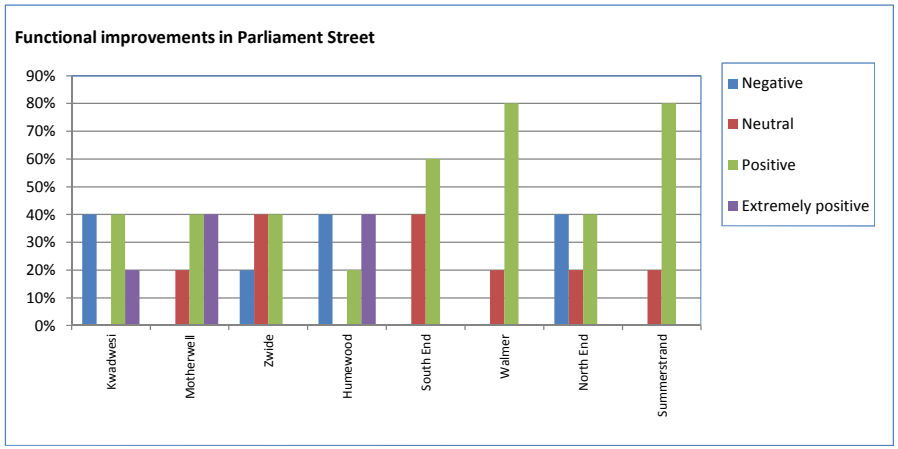
FUNCTIONAL IMPROVEMENTS IN GOVAN MBEKI AVENUE

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Negative	20%	0%	40%	20%	60%	40%	60%	0%
Neutral	0%	20%	20%	20%	20%	40%	40%	80%
Positive	60%	20%	60%	20%	20%	20%	0%	20%
Extremely	20%	60%	0%	40%	0%	0%	0%	0%

FUNCTIONAL IMPROVEMENTS IN PARLIAMENT STREET

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Negative	40%	0%	20%	40%	0%	0%	40%	0%
Neutral	0%	20%	40%	0%	40%	20%	20%	20%
Positive	40%	40%	40%	20%	60%	80%	40%	80%
Extremely	20%	40%	0%	40%	0%	0%	0%	0%





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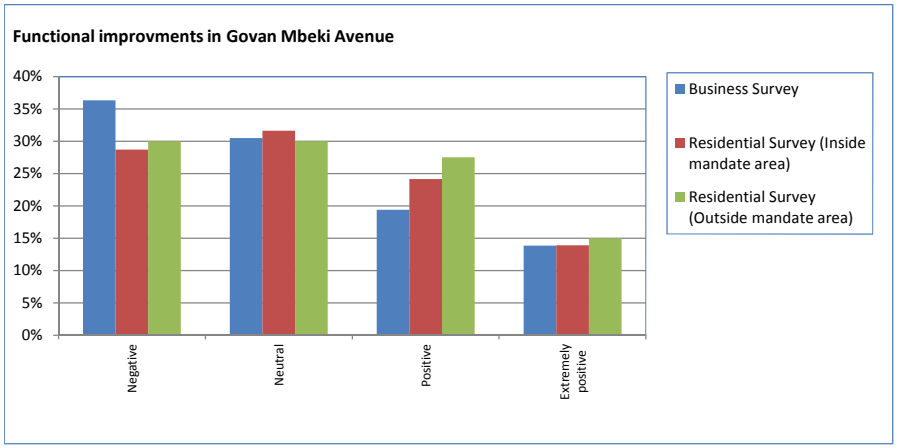
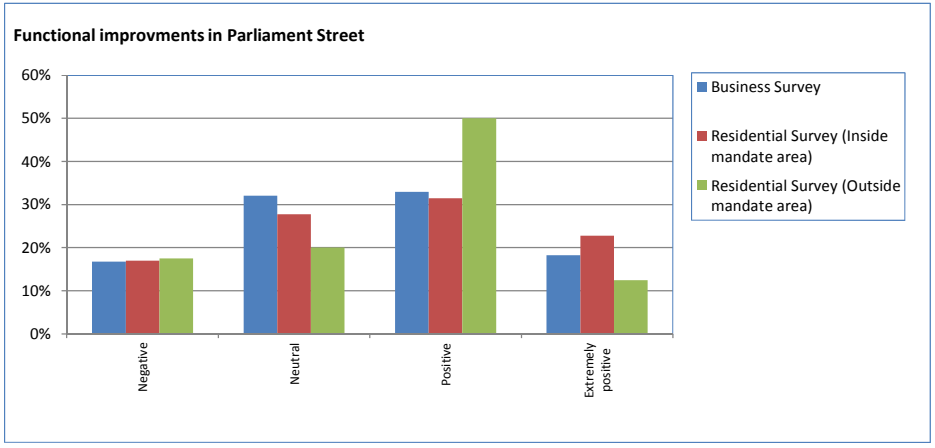
FUNCTIONAL IMPROVMENTS IN GOVAN MBEKI AVENUE

	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Negative	36%	29%	30%
Neutral	30%	32%	30%
Positive	19%	24%	28%
Extremely	14%	14%	15%

FUNCTIONAL IMPROVMENTS IN PARLIAMENT STREET

	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Negative	17%	17%	18%
Neutral	32%	28%	20%
Positive	33%	31%	50%
Extremely	18%	23%	13%





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ANNEXURE D 5
ECONOMIC SURVEY INFORMATION SYSTEM

RESIDENTIAL SURVEY GRAPHS

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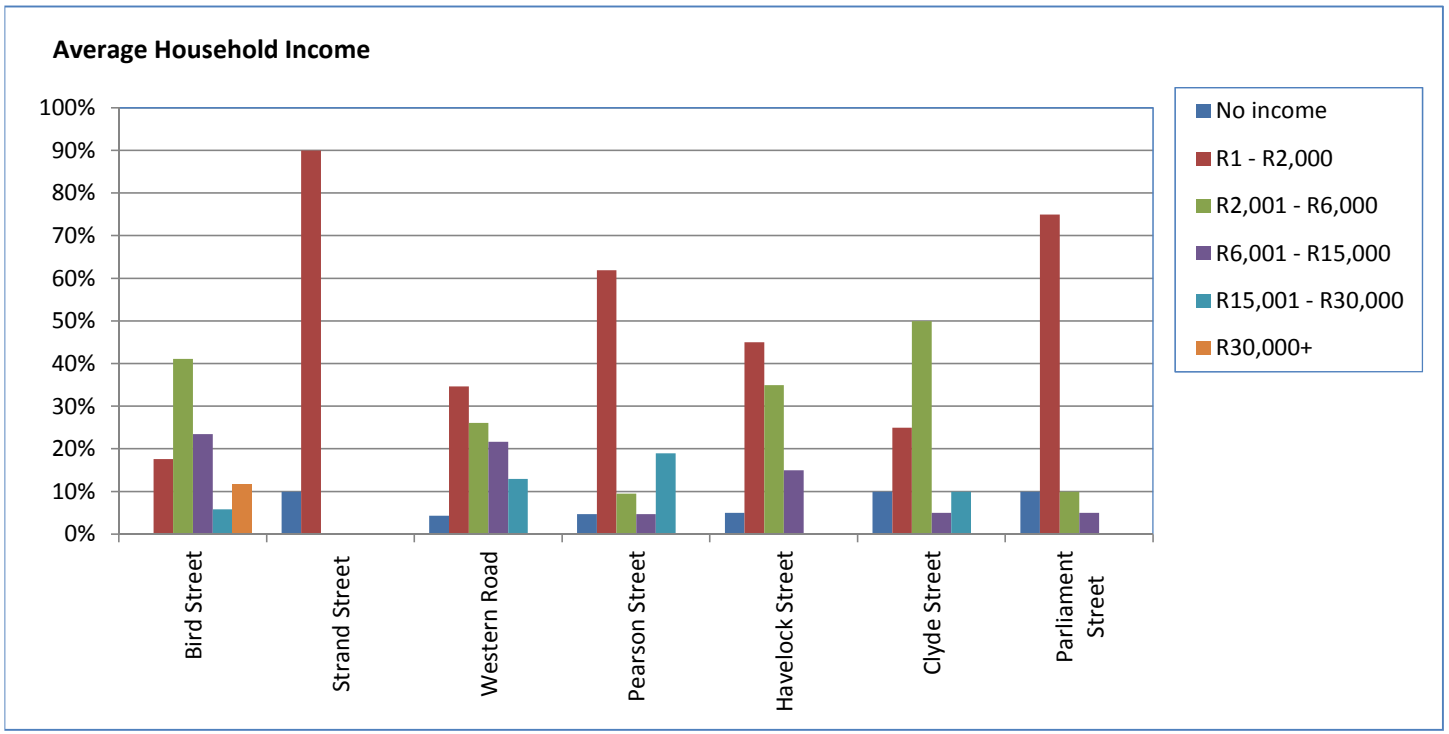
AVERAGE HOUSEHOLD INCOME

	No income	R1 - R2,000	R2,001 - R6,000	R6,001 - R15,000	R15,001 - R30,000	R30,000+
Bird Street	0.0%	17.6%	41.1%	23.5%	5.8%	11.7%
Strand Street	10.0%	90.0%	0.0%	0.0%	0.0%	0.0%
Western Road	4.3%	34.7%	26.1%	21.7%	13.0%	0.0%
Pearson Street	4.7%	61.9%	9.5%	4.7%	19.0%	0.0%
Havelock Street	5.0%	45.0%	35.0%	15.0%	0.0%	0.0%
Clyde Street	10.0%	25.0%	50.0%	5.0%	10.0%	0.0%
Parliament Street	10.0%	75.0%	10.0%	5.0%	0.0%	0.0%



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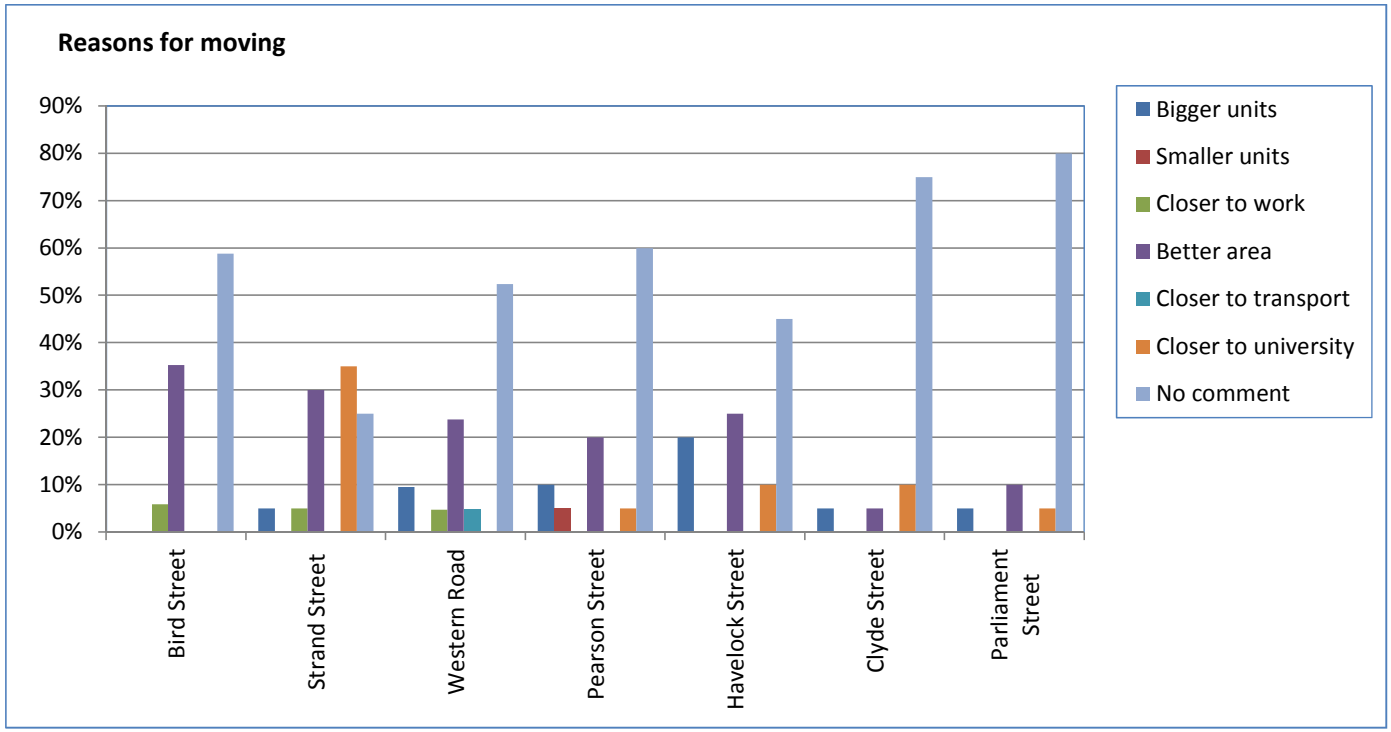
REASONS FOR MOVING

	Bigger units	Smaller units	Closer to work	Better area	Closer to transport	Closer to university	No comment
Bird Street	0.0%	0.0%	5.9%	35.3%	0.0%	0.0%	58.8%
Strand Street	5.0%	0.0%	5.0%	30.0%	0.0%	35.0%	25.0%
Western Road	9.5%	0.0%	4.8%	23.8%	4.8%	0.0%	52.4%
Pearson Street	10.0%	5.0%	0.0%	20.0%	0.0%	5.0%	60.0%
Havelock Street	20.0%	0.0%	0.0%	25.0%	0.0%	10.0%	45.0%
Clyde Street	5.0%	0.0%	0.0%	5.0%	0.0%	10.0%	75.0%
Parliament Street	5.0%	0.0%	0.0%	10.0%	0.0%	5.0%	80.0%



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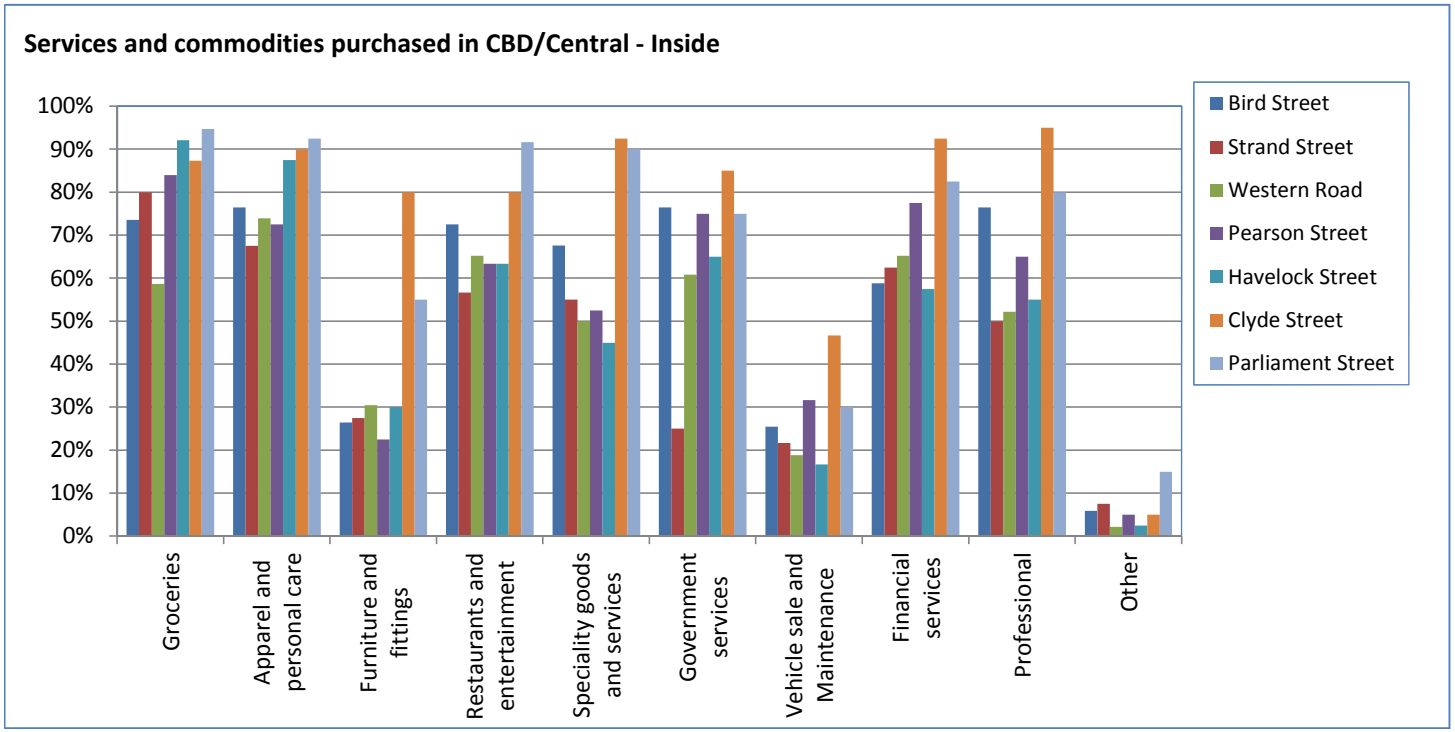
SERVICES AND COMMODITIES PURCHASED INSIDE MANDATE AREA

	Bird Street	Strand Street	Western Road	Pearson Street	Havelock Street	Clyde Street	Parliament Street
Groceries	73.5%	80.0%	58.7%	84.0%	92.1%	87.3%	94.7%
Apparel and personal care	76.5%	67.5%	73.9%	72.5%	87.5%	90.0%	92.5%
Furniture and fittings	26.5%	27.5%	30.4%	22.5%	30.0%	80.0%	55.0%
Restaurants and entertainment	72.5%	56.7%	65.2%	63.3%	63.3%	80.0%	91.7%
Speciality goods and services	67.6%	55.0%	50.0%	52.5%	45.0%	92.5%	90.0%
Government services	76.5%	25.0%	60.9%	75.0%	65.0%	85.0%	75.0%
Vehicle sale and Maintenance	25.5%	21.7%	18.8%	31.7%	16.7%	46.7%	30.0%
Financial services	58.8%	62.5%	65.2%	77.5%	57.5%	92.5%	82.5%
Professional	76.5%	50.0%	52.2%	65.0%	55.0%	95.0%	80.0%
Other	5.9%	7.5%	2.2%	5.0%	2.5%	5.0%	15.0%



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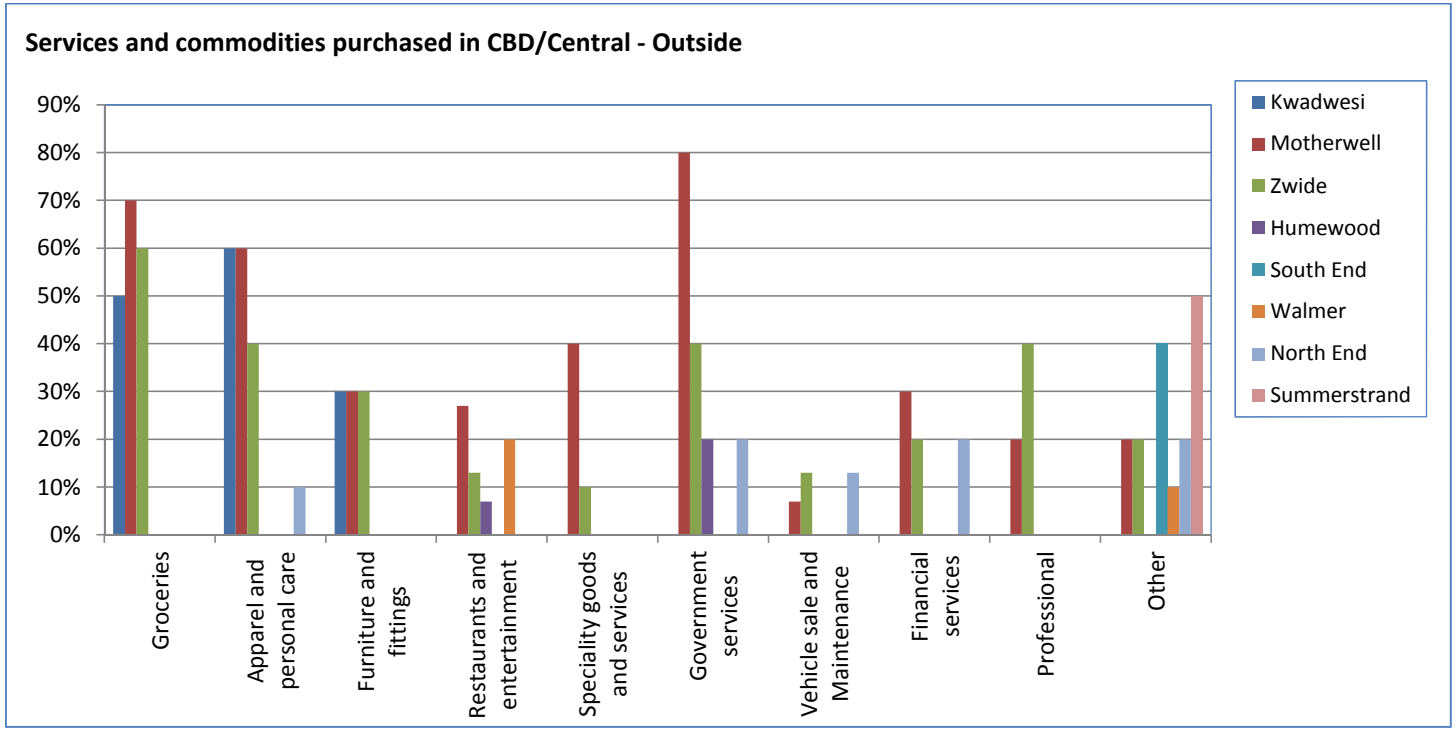
SERVICES AND COMMODITIES PURCHASED OUTSIDE MANDATE AREA

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Groceries	50%	70%	60%	0%	0%	0%	0%	0%
Apparel and personal care	60%	60%	40%	0%	0%	0%	10%	0%
Furniture and fittings	30%	30%	30%	0%	0%	0%	0%	0%
Restaurants and entertainment	0%	27%	13%	7%	0%	20%	0%	0%
Speciality goods and services	0%	40%	10%	0%	0%	0%	0%	0%
Government services	0%	80%	40%	20%	0%	0%	20%	0%
Vehicle sale and Maintenance	0%	7%	13%	0%	0%	0%	13%	0%
Financial services	0%	30%	20%	0%	0%	0%	20%	0%
Professional	0%	20%	40%	0%	0%	0%	0%	0%
Other	0%	20%	20%	0%	40%	10%	20%	50%



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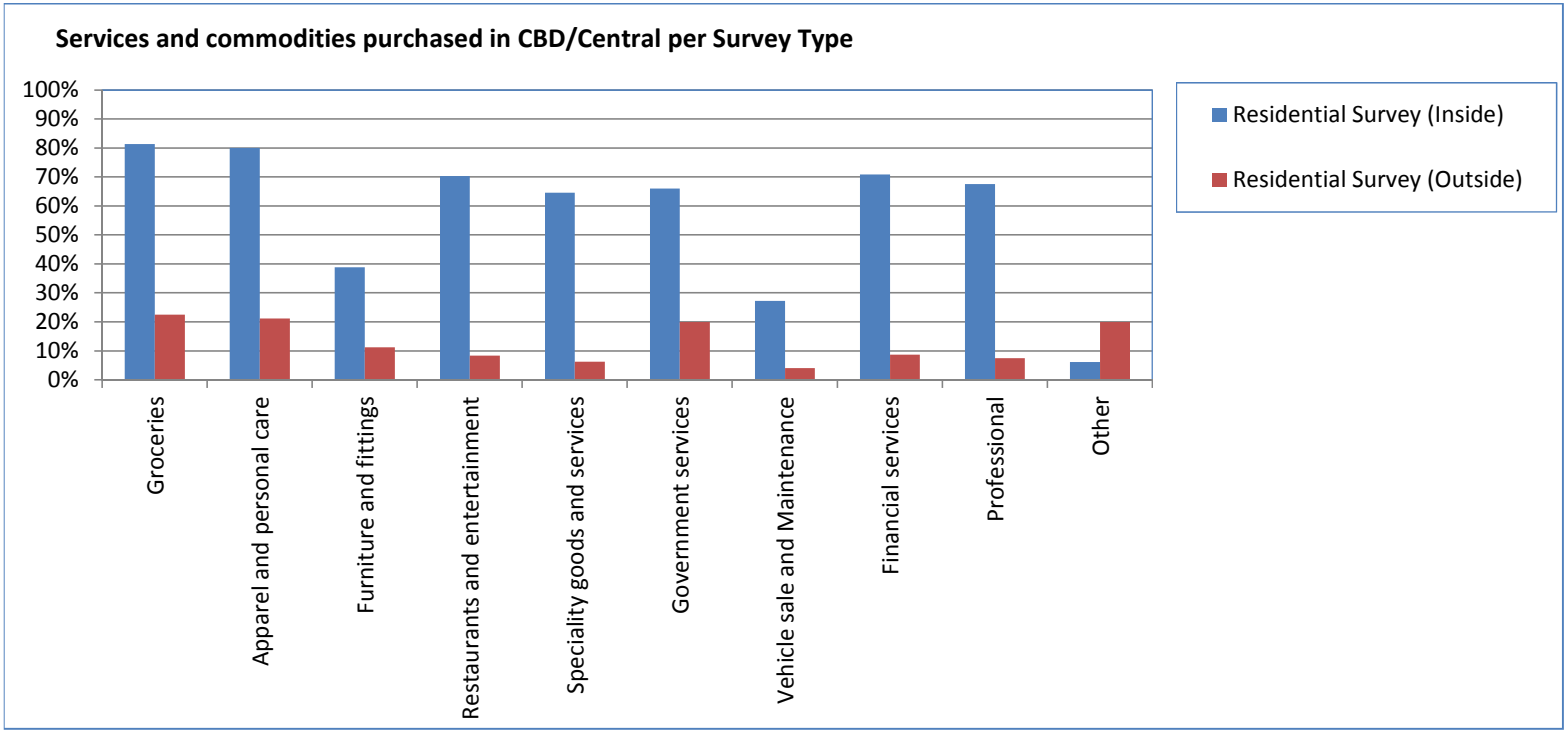
COMPARISON BETWEEN ALL 2 GRAPHS

	Residential Survey (Inside)	Residential Survey (Outside)
Groceries	81%	23%
Apparel and personal care	80%	21%
Furniture and fittings	39%	11%
Restaurants and entertainment	70%	8%
Speciality goods and services	65%	6%
Government services	66%	20%
Vehicle sale and Maintenance	27%	4%
Financial services	71%	9%
Professional	68%	8%
Other	6%	20%



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ANNEXURE D 6
ECONOMIC SURVEY INFORMATION SYSTEM

STRESS PROFILE GRAPHS

Security and Cleaning

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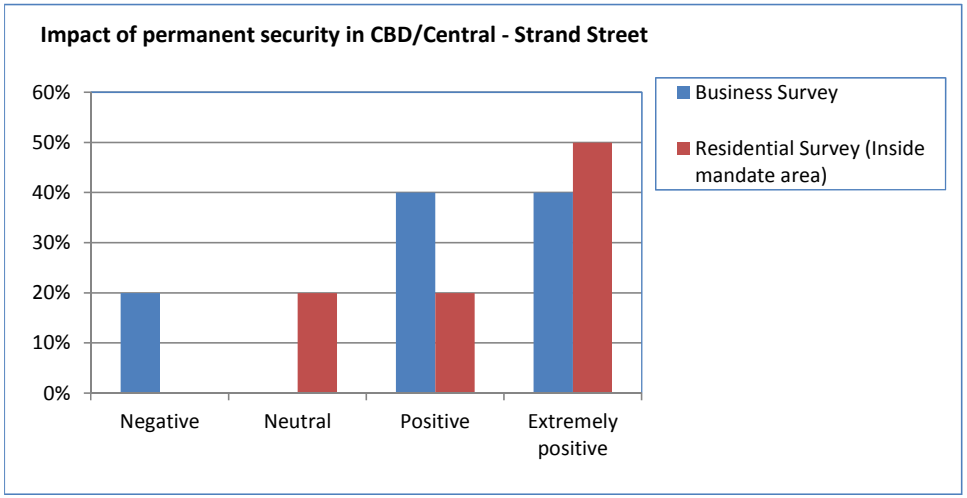
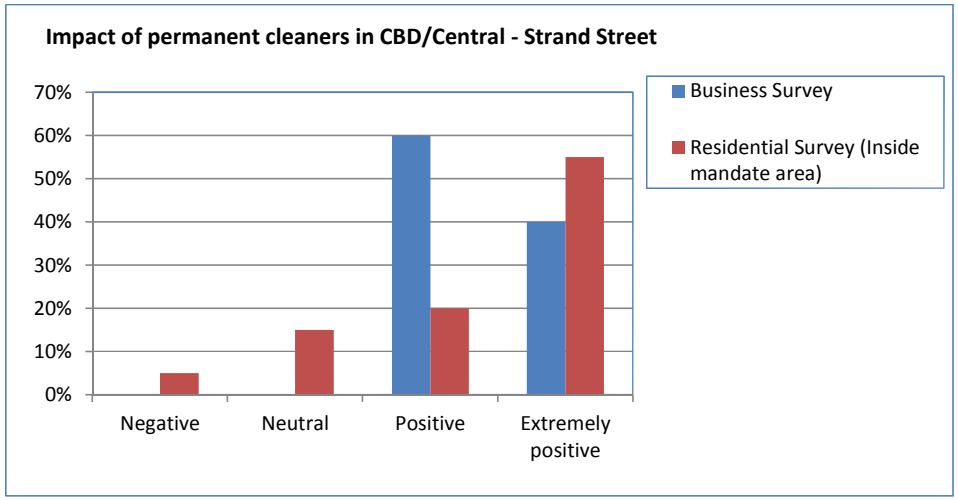
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	0.0%
Neutral	0.0%	20.0%
Positive	40.0%	20.0%
Extremely positive	40.0%	50.0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	5.0%
Neutral	0.0%	15.0%
Positive	60.0%	20.0%
Extremely positive	40.0%	55.0%





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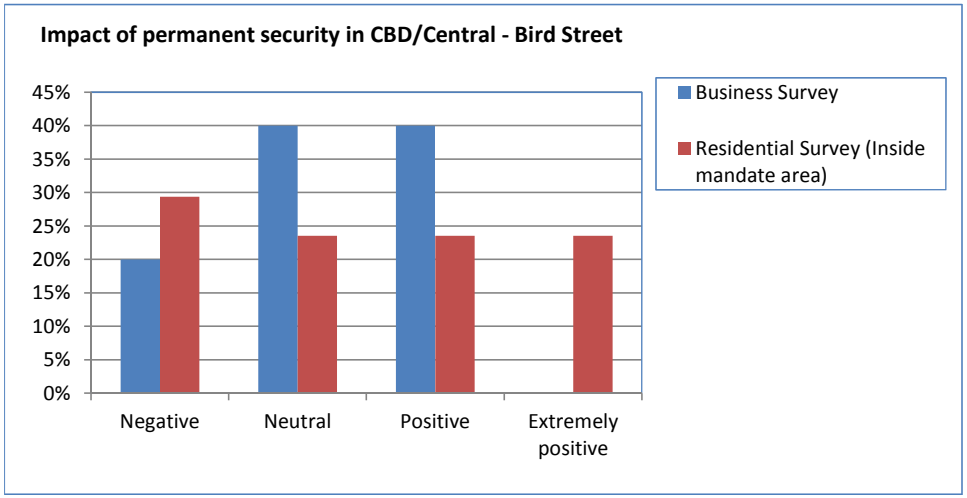
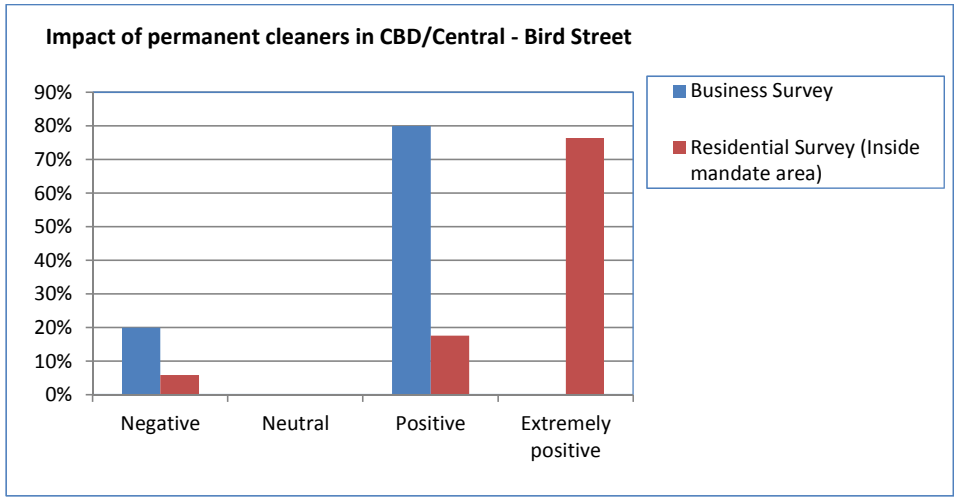
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	29.4%
Neutral	40.0%	23.5%
Positive	40.0%	23.5%
Extremely positive	0.0%	23.5%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	5.9%
Neutral	0.0%	0.0%
Positive	80.0%	17.6%
Extremely positive	0.0%	76.5%





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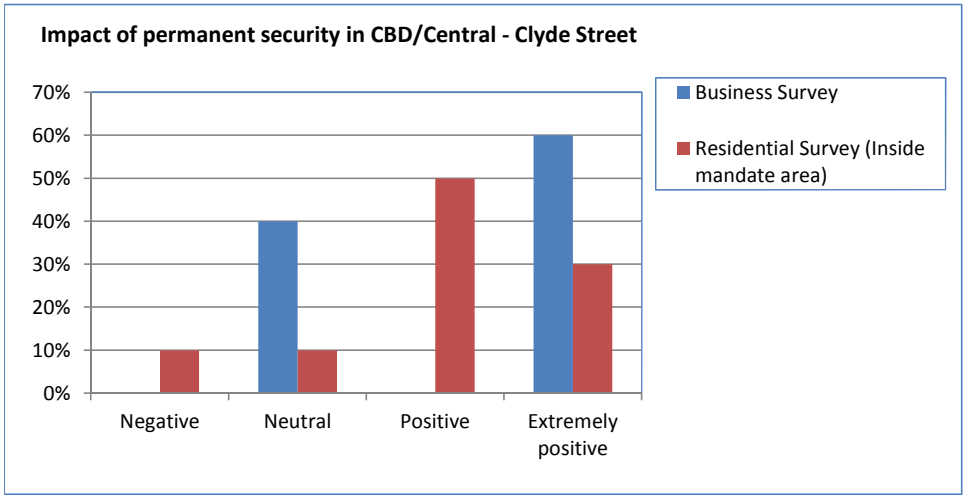
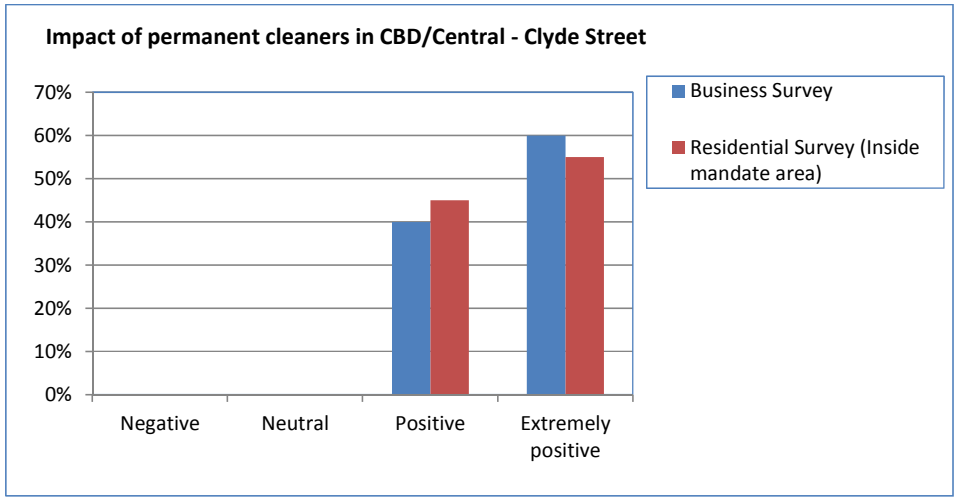
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	10.0%
Neutral	40.0%	10.0%
Positive	0.0%	50.0%
Extremely positive	60.0%	30.0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	0.0%
Positive	40.0%	45.0%
Extremely positive	60.0%	55.0%





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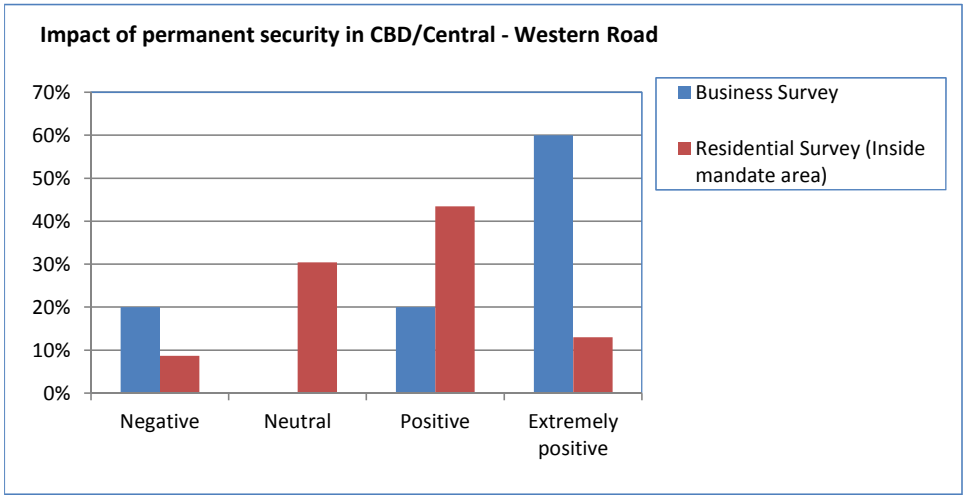
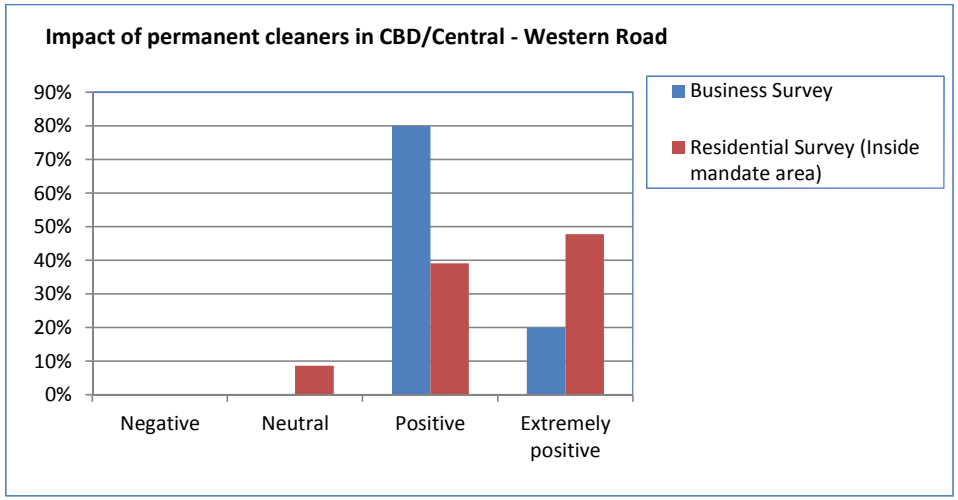
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	20.0%	8.7%
Neutral	0.0%	30.4%
Positive	20.0%	43.5%
Extremely positive	60.0%	13.0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	8.7%
Positive	80.0%	39.1%
Extremely positive	20.0%	47.8%





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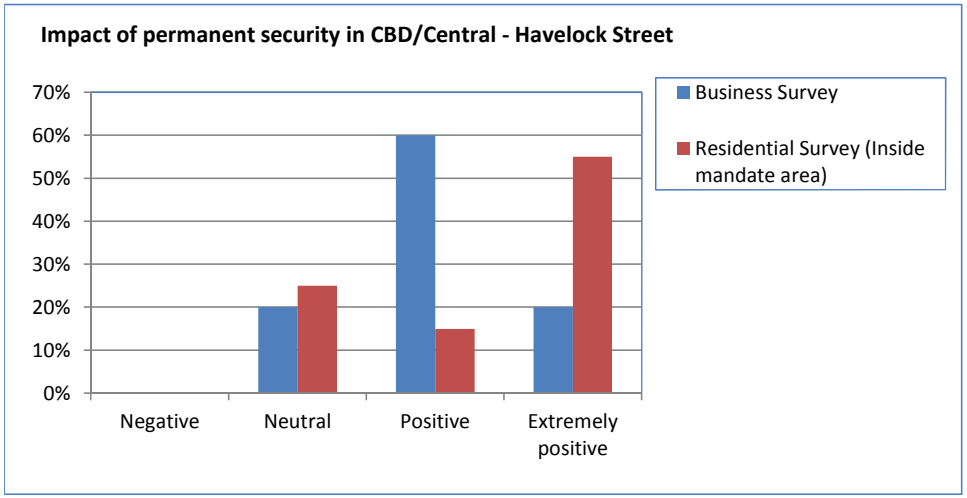
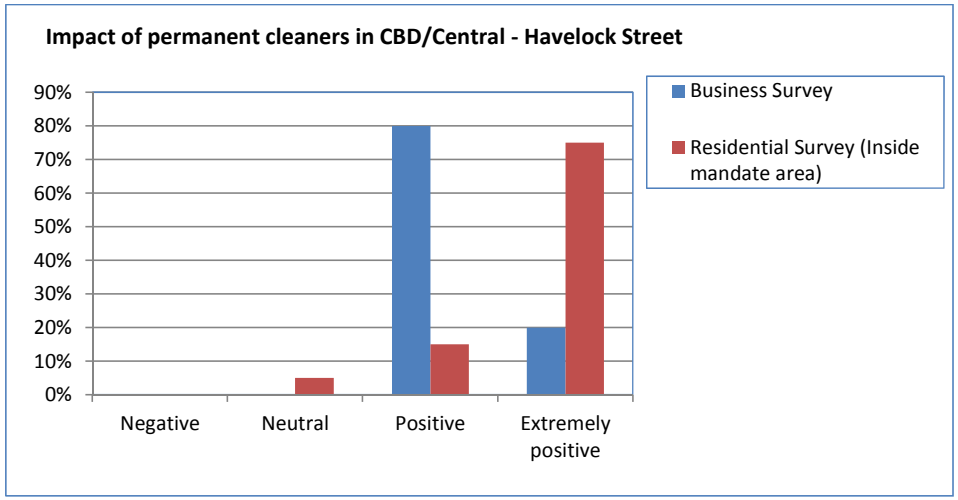
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	20.0%	25.0%
Positive	60.0%	15.0%
Extremely positive	20.0%	55.0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	0.0%	5.0%
Positive	80.0%	15.0%
Extremely positive	20.0%	75.0%





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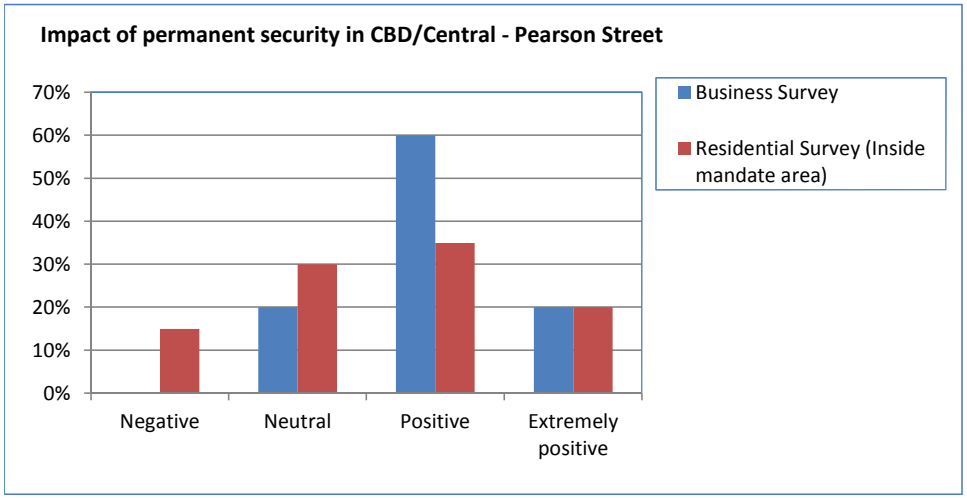
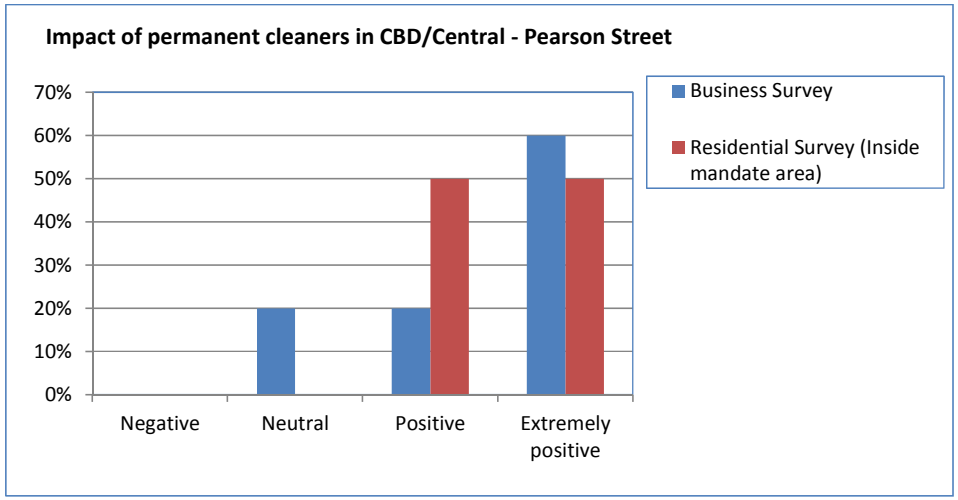
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	15.0%
Neutral	20.0%	30.0%
Positive	60.0%	35.0%
Extremely positive	20.0%	20.0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	0.0%
Neutral	20.0%	0.0%
Positive	20.0%	50.0%
Extremely positive	60.0%	50.0%





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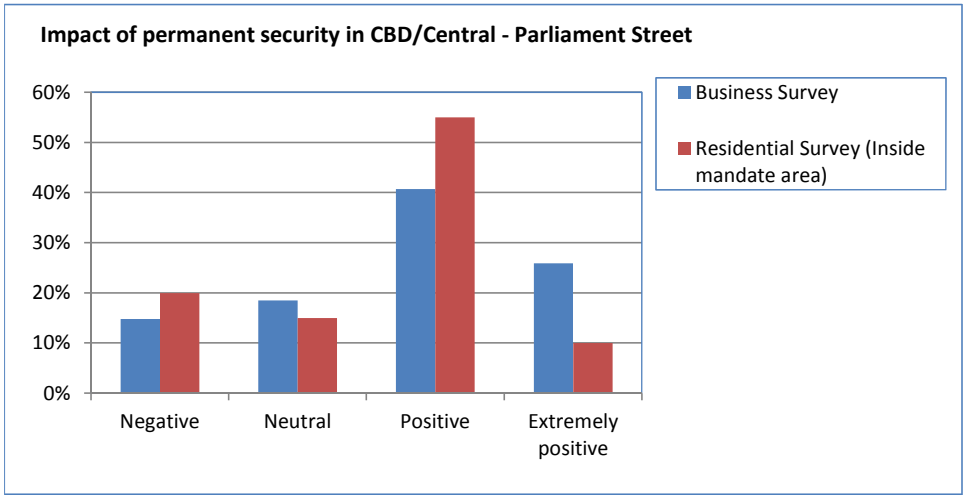
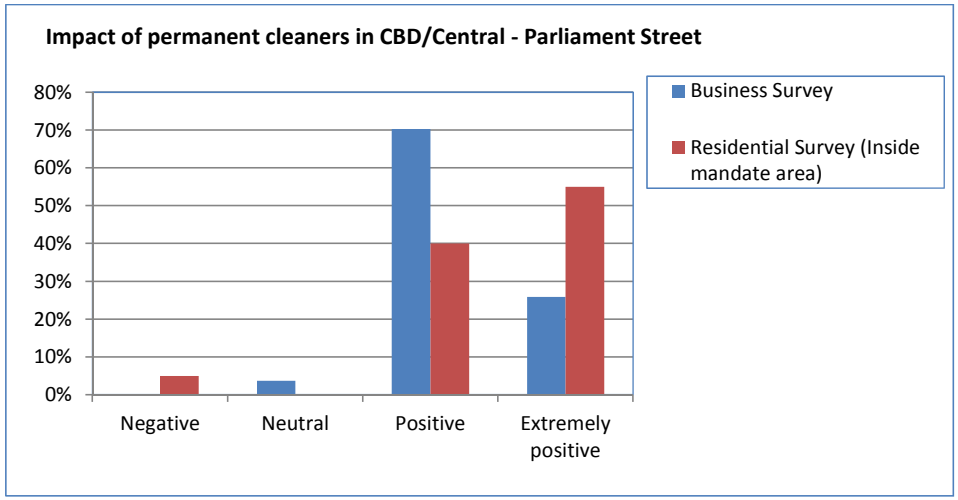
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	14.8%	20.0%
Neutral	18.5%	15.0%
Positive	40.7%	55.0%
Extremely positive	25.9%	10.0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)
Negative	0.0%	5.0%
Neutral	3.7%	0.0%
Positive	70.4%	40.0%
Extremely positive	25.9%	55.0%





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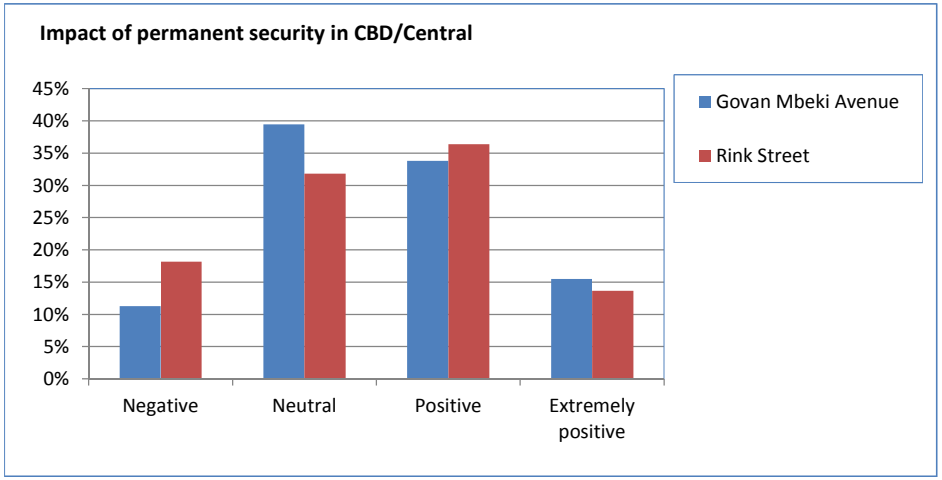
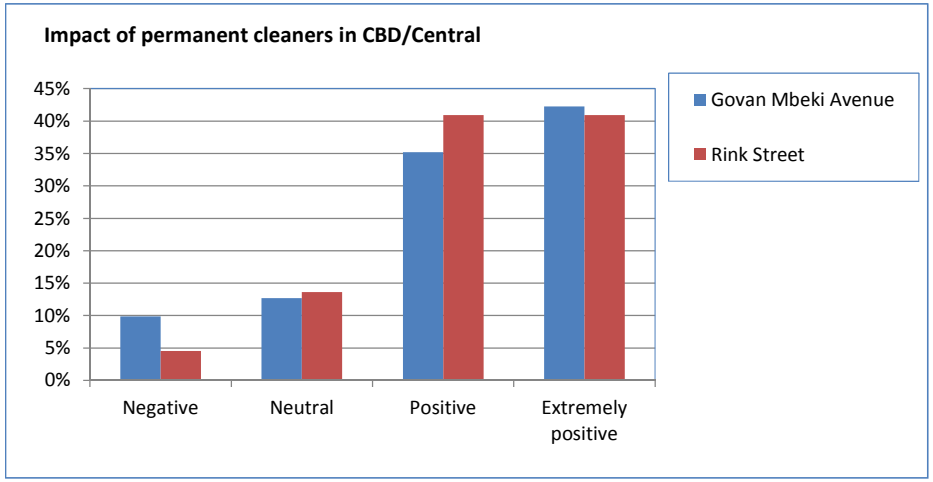
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Govan Mbeki Avenue	Rink Street
Negative	11.3%	18.2%
Neutral	39.4%	31.8%
Positive	33.8%	36.4%
Extremely positive	15.5%	13.6%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Govan Mbeki Avenue	Rink Street
Negative	9.9%	4.5%
Neutral	12.7%	13.6%
Positive	35.2%	40.9%
Extremely positive	42.3%	40.9%





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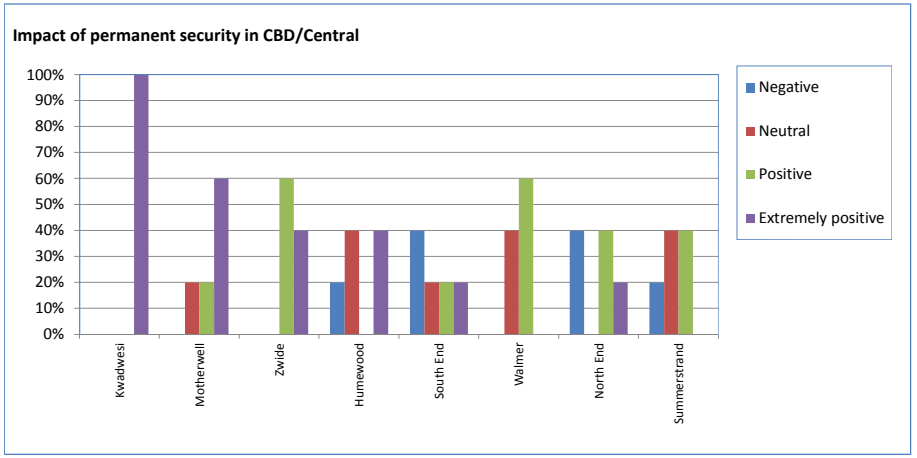
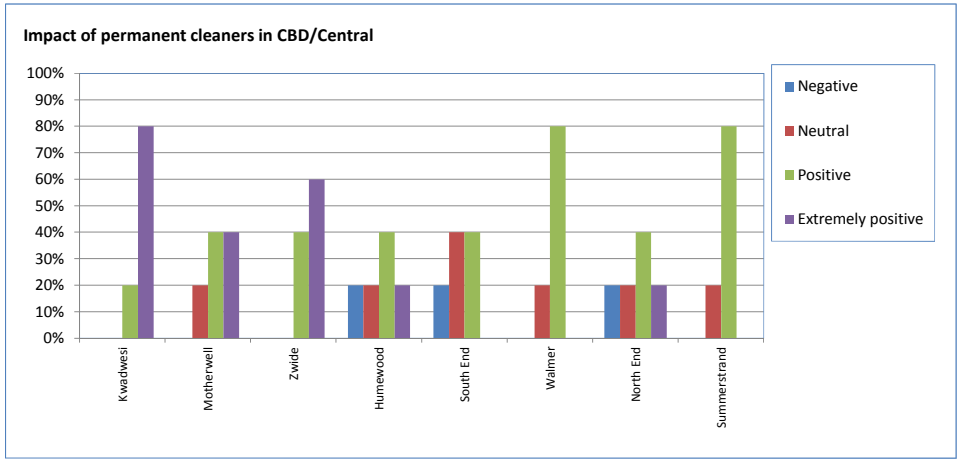
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Negative	0%	0%	0%	20%	40%	0%	40%	20%
Neutral	0%	20%	0%	40%	20%	40%	0%	40%
Positive	0%	20%	60%	0%	20%	60%	40%	40%
Extremely positive	100%	60%	40%	40%	20%	0%	20%	0%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Kwadwesi	Motherwell	Zwide	Humewood	South End	Walmer	North End	Summerstrand
Negative	0%	0%	0%	20%	20%	0%	20%	0%
Neutral	0%	20%	0%	20%	40%	20%	20%	20%
Positive	20%	40%	40%	40%	40%	80%	40%	80%
Extremely positive	80%	40%	60%	20%	0%	0%	20%	0%





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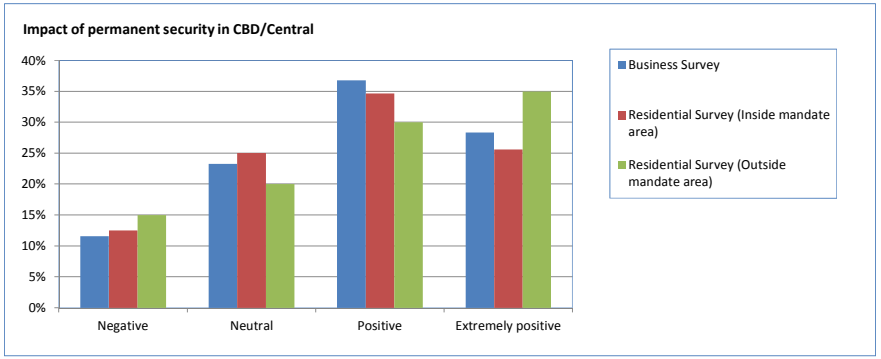
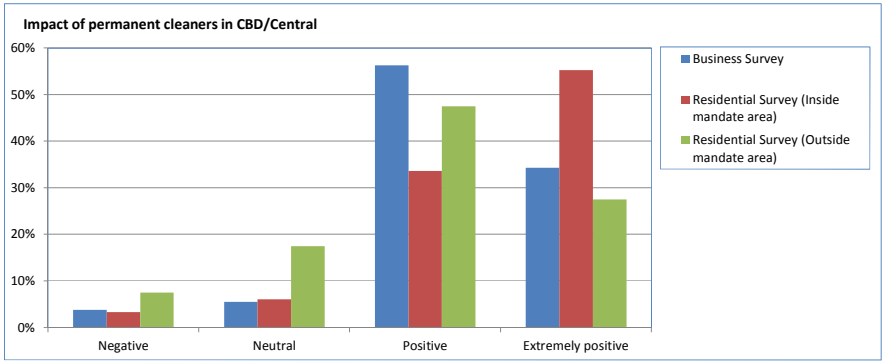
IMPACT OF PERMANENT SECURITY IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Negative	12%	13%	15%
Neutral	23%	25%	20%
Positive	37%	35%	30%
Extremely positive	28%	26%	35%

IMPACT OF PERMANENT CLEANERS IN CBD/CENTRAL

	Business Survey	Residential Survey (Inside mandate area)	Residential Survey (Outside mandate area)
Negative	4%	3%	8%
Neutral	6%	6%	18%
Positive	56%	34%	48%
Extremely positive	34%	55%	28%





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Annexure E

MAP OF SURVEY AREA

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LIST ON INTERVIEWS CONDUCTED

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A

Adendorff, Gillian: Director, Adendorff Architects, Port Elizabeth, South Africa

Albertyn, Gerrie: Director, BKS Engineers, Port Elizabeth, South Africa

B

Barnes, Jerry: Senior Urban Planner, Dublin Docklands Development Authority

Bartlett, Stuart: Head, Agency Development Support, Industrial Development Corporation, Sandton, South Africa

Bethlehem, Lael: Standard Bank, South Africa

Biddulph, Dean: Democratic Alliance Councillor, Nelson Mandela Bay Municipality, Port Elizabeth, South Africa

Bisbee, Director: Randcivils, Port Elizabeth, South Africa

Bloom, Jonathan: Professor of Economics, University of Stellenbosch, Stellenbosch, South Africa

Blunt, Gerald: Manager, Urban Design Policy, Planning and Urban Design Directorate, Wellington City Council, New Zealand

Borraine, Andrew: Chief Executive Officer, Cape Town Partnership, Cape Town, South Africa

C

Capstick-Dale, Kerry: Chief Executive Officer, Corporate Image, Cape Town, South Africa

Casey, Peter: Chief Operating Officer, Auckland Regional Holdings, Auckland, New Zealand

Crooijmans, Hedwig: Director, Matrix Design and Planning, Port Elizabeth, South Africa

D

Da Graca, Nel: Process Manager, Economic Development Board, Rotterdam, The Netherlands

Dalzell, John: Project Director, Sea+City Projects Limited, Auckland, New Zealand

Dana, Ranesh: Port Director, Port Elizabeth Port, Port Elizabeth, South Africa

De Beer, Steve: Property Developer, Port Elizabeth, South Africa

De Loor, Barend: Director, Property Management, Eris Property Group, Johannesburg, South Africa

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De Villiers, Leon: Leader, Democratic Alliance, Nelson Mandela Bay, Port Elizabeth, South Africa

Del Monte, Lance: Director, Metroplan, Port Elizabeth, South Africa

Denton, Ken, Property Developer: Denton Properties, Port Elizabeth, South Africa

Dewar, Dave: Professor, Department of Architecture, Planning and Geomatics, University of Cape Town, Cape Town, South Africa)

Dinnie, Allen: Manager, Johannesburg Property Company, Johannesburg, South Africa

Douglas, Ian: Chief Executive Officer of Grandwest and former Chief Executive Officer of the Cape Town International Convention Centre

Dowley, Bryan: Chief Executive Officer, Spec Savers, Port Elizabeth, South Africa

Dyala, Sipho: Chief Executive Officer, NAFCOC, Port Elizabeth, South Africa

F

Faku, Nceba: Leader, African National Congress, Eastern Cape, Former Executive Mayor, Nelson Mandela Bay Municipality, Port Elizabeth, South Africa

Fraser, Neil: Former Head of the Johannesburg Improvement District, Johannesburg, South Africa

G

Gardiner, Adrian: Executive Director, Mantis Collection, Port Elizabeth, South Africa

Gehl, Jan: Urban Quality Consultants, Copenhagen, Denmark

Gutsche, Phillip: Executive Chairman, Coca Cola SABCO, Port Elizabeth, South Africa

H

Haynes, Richard: Professor, Social Development, Nelson Mandela Bay Metropolitan University, Port Elizabeth, South Africa

Horak, Paula: Chairperson, South African Property Association, Port Elizabeth, South Africa

Hunnik, Valery: General Manager, Stadshaven, Rotterdam, The Netherlands

Hustler, Kevin: Chief Executive Officer, Nelson Mandela Bay Chamber of Commerce and Industry, Port Elizabeth, South Africa

Inman, Peter, Head: Operations, Coega Development Corporation, Port Elizabeth, South Africa

J

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Jacoby, Kevin: Executive Director: Budget and Treasury, Nelson Mandela Bay Municipality

Jarlov, Lena: Professor, Dalana Research Institute, Falu, Sweden, working on the Nelson Mandela Bay Municipality First Comprehensive Urban Plan.

Jonas, Mcebisi: Member of Executive Council, Eastern Cape Province, Bhisho, South Africa

Jordaan, Daniel: Chief Executive Officer, South African Football Association, Johannesburg, South Africa

K

Kearns, Martin: Chief Executive Officer, Eurocape, Cape Town, South Africa

Keyser, Heidi: Edge Strategic Solutions, Cape Town, South Africa

Keeley, Matthew: Director, Urban Econ, Port Elizabeth, South Africa

Kisten, Rojie: Head, Old Mutual, South Africa

Knight-Lenihan, Stephen, Senior Lecturer, School of Architecture and Planning, University of Auckland

L

Lee, John, Head of Planning: Liverpool City Council, Liverpool, United Kingdom

Linguisa, Andile: Deputy President of the ANC Youth League: 9 March 2010

Lloyd, Hendrik: Professor, Economics, Nelson Mandela Bay Metropolitan University, Port Elizabeth, South Africa

Loos, John: Property Economist, First National Bank, Johannesburg, South Africa

Louw, Piet: Piet Louw Architects and Urban Designers, Cape Town, South Africa

M

Mabanga, Sithole: Chief Executive Officer, Cities Network, Johannesburg, South Africa

Macozoma, Sakumzi: Chairman, Stanlib, Chairman, Mandela Bay Development Agency, Sandton, South Africa

Matunda, Thembi: Director, Bham Tayob Khan Matunda Quantity Surveyors, Port Elizabeth, South Africa

McCarthy, Dawn: Director, Land Management and Planning, Nelson Mandela Bay Municipality, Port Elizabeth, South Africa

McGivillary, Donald: Director, Africoast Engineers, Port Elizabeth, South Africa

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McGlachlan, Gavin: Head, Department of Architecture, Nelson Mandela Metropolitan University;

McWilliams, Garry: Chief Executive Officer, Bruce McWilliams Industries, Port Elizabeth, South Africa

Meldrew, Zanoxolo: Acting Chief Executive Officer, Johannesburg Development Agency, Johannesburg, South Africa

Mercer, Jonathan: Regional and Planning Consultant, Mandela Bay Development Agency, Port Elizabeth, South Africa

Mtati, Odwa: Businessman, Port Elizabeth, South Africa

N

Ntshona, Bheza: Chief of Staff, Nelson Mandela Bay Municipality, Port Elizabeth, South Africa

Nyaumwe, Ben: Property Developer, Auspex Properties, Port Elizabeth, South Africa

O

Olver, Crispian: Managing Director, Linkd, Johannesburg, South Africa

P

Pernegger, Li: Chief Director, Neighbourhood Infrastructure Fund, National Treasury, Pretoria, South Africa

Pike, John: Wellington Waterfront Limited, Wellington, New Zealand

R

Redelinghuys, Niel: Head, Finance, Victoria and Alfred Waterfront Company, Cape Town South Africa

Richards, Graham: Former Municipal Manager, Nelson Mandela Bay Municipality, Port Elizabeth, South Africa

Rode, Erwin: Author, Quarterly Rode Report, Report on the South African Property Market

Rollo, Scott: Head, Special Rating Area, Richmond Hill, Port Elizabeth, South Africa

Royer, Jean-Francois: Project Coordinator, Business Development and Real estate, Euromediterranee Urban Development Agency, Marseille, France

Rushmere, John: Professor of Architecture, Nelson Mandela Bay Metropolitan University, Port Elizabeth, South Africa

S

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Sadiki, Hannah: Director, Standard Bank, Gauteng, Johannesburg, South Africa

Sapere, Dorelle: Head, Development and Planning, Mandela Bay Development Agency, Port Elizabeth, South Africa

Saunders, Gillian: Principle, Grant Thornton International, Sandton, South Africa

Senior, Barry: Director, GAPP Architects, Sandton, South Africa

Silinga, Pepi: Chief Executive Officer, Coega Development Corporation, Port Elizabeth, South Africa

Siswana, Zolile: Executive Director: Economic Development: Nelson Mandela Bay Municipality, Port Elizabeth

Smallwood, John: Professor, Construction Management, Nelson Mandela Bay Metropolitan University, Port Elizabeth, South Africa

Stark, Peter: Consultant, Newcastle Urban Renewal Programme, United Kingdom

Stemmett, Mark: Property Developer, Engineering Advice Services, Port Elizabeth, South Africa

Stromberg, Dave: Chief Planner, Transnet, Johannesburg, South Africa

T

Thompson, Rick: Property and Asset Manager, Sea+City Projects Limited, Auckland, New Zealand

V

Van der Merwe, Derrick, Chief Executive Officer, Victoria and Alfred Waterfront Company, Cape Town, South Africa

Van der Wal, Olof: Director, KEI Kennis Centrum, Rotterdam, The Netherlands

Van Gend, Rowan: Director, Urban Dynamics, Port Elizabeth, South Africa

Van Zyl, Attie: Chief Executive Officer, Inca (Municipal Finance Provider), Sandton, South Africa

Van Zyl, Piet: former Head of Planning, Victoria & Alfred Waterfront Company, then Head of Planning: Cape Town City Council and presently working in the planning division of the Abu Dhabi Tourism Investment Company

Viruly, Francois: Professor of Economics, University of Cape Town, Cape Town, South Africa

Wallace, Alex: Manager, Municipal Finance, Development Bank of Southern Africa, Midrand, South Africa

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Wintermeyer: Bryan, Director, The Workplace Architects, Port Elizabeth, South Africa

Wragge, Martin: Property Developer, Cape Town, South Africa

Wayile, Zanaxolo: Executive Mayor of the NMBM, South Africa

Y

Young, Clyde: Estate Agent, Port Elizabeth, South Africa

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