

A SOUTH AFRICAN URBAN RENEWAL OVERVIEW

AUGUST 2003



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1 INTRODUCTION

The purpose of this document is to facilitate a greater understanding of and dialogue on urban renewal in South Africa. The first section briefly sketches the global trends affecting cities in both the North and the South. The document thereafter assesses the practice of urban renewal within three distinct contexts, namely urban centres, informal settlements and exclusion areas. The final section identifies key lessons and areas for further analysis.

The practice of urban renewal sits at the interface of dialogues concerning the role of cities in the global economy and the role of cities in meeting basic needs, distributing wealth and equalizing access to opportunity. Within the South African context, the concept of urban renewal has its genesis in two distinct policy trajectories namely the RDP White paper, with its emphasis on social transformation and basic needs and economic development policy documents. This reflects the policy complexities arising out of the South African concern for the maintenance of a balance between the mutually reinforcing processes of growth and development.

The Problem of Definition

Internationally, area-based intervention strategies have been undertaken under various banners, including "urban renewal", "urban regeneration" and "upgrading". The term "urban renewal" is mostly often applied in the USA and typically refers to the redevelopment of urban centres, most often with an emphasis on the redevelopment of economic infrastructure. By contrast, the concept of "urban regeneration" is largely derived from European literature and generally refers to the redevelopment of derelict residential areas or industrial areas, most often linked to the development of human and social capital. "Upgrading" literature is largely restricted to a discourse of the South, but the content of these programmes overlap considerably with those undertaken within the renewal or regeneration projects of the North. For purposes of this document, the term "urban renewal" is used to refer to multi-sectoral interventions which are undertaken within specific geographic areas.

Power in cities resides in the hands of those who have the authority to "impose a vision on space" and urban renewal is thus not an exercise in neutrality but constitutes a fundamental intervention in the physical, economic, social and institutional space of cities to achieve particular policy objectives (Zukin, 1997). Whilst acknowledging complex definition debates, this document seeks to unpack the broadly different contexts within which urban renewal is practiced in order to gain a better understanding of the policy problems and objectives that inform the programmatic structure of area-based interventions. This

document furthermore seeks to examine the content of urban renewal initiatives within these different environments in order to build a better understanding of the scope, range and depth of interventions which may be undertaken under the banner of urban renewal.

This process is intended to enhance the understanding of the relevance and applicability of these interventions to the South African context.

The institutional and financial arrangements for urban renewal programmes are a reflection of global governance ideologies and domestic institutional tensions. Institutional arrangements are important as they have a substantial impact on accountability, transparency, the nature of stakeholder engagement, community participation and the long-term sustainability of interventions. The source, nature and conditionality of funding for area-based interventions create their own dynamic.

Urban renewal typically entails the allocation of considerable resources to achieve redevelopment goals and this inevitably creates winners and losers as funds are diverted from other projects. It is accordingly appropriate that urban renewal should be closely monitored and evaluated to determine its effectiveness in reaching policy goals. This document seeks to identify some key performance measures that might be used to evaluate the success of urban renewal interventions in different contexts.

2 METHODOLOGY

This document has been prepared in a number of phases. At the outset, a literature review was undertaken to discern international trends in the practice of urban renewal. A document audit of local resources has likewise been undertaken. All sources are listed in the bibliography which is attached. This has been coupled with structured interviews with a range of urban renewal practitioners in the South African context. The majority of interviewees were drawn from the ranks of local government practitioners, but people were also interviewed from national and provincial government, the private sector and non-government organisations. Whilst every effort was made to cover the nine metropolitan areas, this was unfortunately not possible in all cases. Interviewees were requested to provide frank answers on the explicit understanding that the views of interviewees would not be individually credited. This resulted in remarkably frank answers which have proved invaluable information on the actual workings of urban renewal in the South African context.

3 CITIES FACING CHANGE

3.1 Global Trends

The world is becoming an increasingly urban place with *irrevocable population shifts* from rural to urban areas. Internationally, more than 38% of all people lived in urban areas by 1995 (Ravillion, 2001). This percentage is projected to rise to 57% by 2020, with three quarters of all population growth occurring in the urban centres of developing

countries (UN Habitat, 2002). Cities within developing countries are faced with unprecedented scales of urbanisation and these pressures place enormous pressure on the environment and financial sustainability of cities as they attempt to provide goods and services to new entrants to the city.

An increasing proportion of humankind lives in **large cities** having more than one million inhabitants and during the last 50 years the number of such cities has increased from 80 in 1950 to 365 in the year 2000. In industrial countries, 27% of the population currently live in these large cities compared to a mere 15% in 1950. This increase has been even more dramatic in developing countries which have increased from 4% to 15% today. Thus, by the year 2015 it is projected that a total of 53 cities in developing countries and 11 cities in industrial countries will have populations of more than 5 million inhabitants.

AFRICAN URBANISATION

Sub-Saharan Africa's urban population will approach 440 million, or 46 percent of its projected total of 952 million, by 2020. Today, urban areas account for 34 percent of the total population of 611 million and are credited with 60 percent of the region's GDP.

(The State of the World's Cities,
2001, UNCHS)

The process of **trans-national migration** is creating the most culturally, and ethnically diverse cities the world has ever known. Over the period 1945-1990, more than 120 million immigrants have moved from country to country. An average of 6 million people move from country to country per year and this rate is steadily increasing. (World Media, 1991). The movement of people is powered by the demand for labour in developed

countries with declining rates of natural increase, large inter-country gaps in standards of living, political instability and warfare in many countries and the greater ease and reduced cost of transportation. The bulk of immigrants settle within developing countries and cities. This process is generating a new form of cultural politics that revolves around complex questions of difference, representation, identity, citizenship and local democracy (Soja, 2001). Whilst most researchers agree that host societies benefit economically from accepting emigration, all receiving societies are struggling with dilemmas related to the socio-cultural integration of immigrants (Steinmann & Ulrich, 1992).

There is a strong correlation between the process of **urbanisation and economic growth**. Cities provide concentrations of services and infrastructure, labour, skills, entrepreneurship and markets and are accordingly key generators of economic activity. Urban economies are critically important motors for supporting the development of national economies and achieving national and regional growth and development goals (Jacobs 1984) and well-functioning cities constitute a critical component of national competitive advantage. In the United States, nearly 80 per cent of the population live in

metropolitan areas anchored by central cities and these areas contribute over 80 per cent of all jobs (Cisneros, 1993).

City economies are dynamic and are inextricably linked to the process of **globalization** i.e. the process by which capital flows, labour markets, commodity markets, information, raw materials, management and organisation become fully integrated and interdependent throughout the world. The intertwined forces of globalization have generated a global process of economic restructuring. This has had substantial economic and spatial implications for cities in both developed and developing countries. The fragmentation and relocation of manufacturing production has led to the dispersal of manufacturing activities across the globe in search of profitable factor markets. As a result, the cities of the North have been confronted by the process of deindustrialization, affecting the older, urban economies based upon heavy industry and manufacturing. This has led to substantial job losses. The relocation of these sectors to developing countries has been uneven and highly fragmented. The North has experienced the rise of post-Fordist industry and the knowledge economy. The long-term relevance of

The relevance of post-Fordist Industry

The manner and extent to which the cities of the South are affected by the shift towards post-Fordism in the North, is largely dependent upon the extent to which national economies are integrated into the world economic system, the position that national economies fulfil within the international division of labour and the position of cities within the global hierarchy of city-regions. The extent to which the supply of raw materials and the development of intermediary products remains a deeply entrenched focus in most developing economies also impacts on the role and function of cities within national economies and their linkages to the global economy.

location factors in investment decisions is however fairly negligible and this has increased competition between cities. In response to these pressures, cities increasingly seek to identify their unique comparative and competitive advantage as the key to survival. Economic specialization has become a critical component of many city development strategies.

Globalization trends hold profound implications for the **restructuring of the urban form** and sustainability of cities. Cities in the North have

experienced the systematic de-densification and decline of core areas particularly in industrial and port cities. In response, local governments are challenged to restructure the urban fabric of their cities and to diversify their local economies. Cities compete to attract new economic sectors and have sought to recapture lost fiscal resources through the re-development of declining areas and brownfield industrial sites to service these new economies. The ability of the cities of the South to access investment from the new economy remains relatively untested although it is clear that the international relocation of manufacturing will continue place demands upon the cities of the South for the provision of large tracts of land with high quality infrastructure to support industrial

production, with consequent pressures linked to urban sprawl and environmental sustainability.

Whilst cities provide the basis for economic growth and development, the **urbanisation of poverty** is becoming increasingly apparent. Particularly within the African context, economic growth within cities has not been able to keep up with the rate and scale of city growth. This has resulted in widespread and deepening urban poverty. Cities however provide a critical basis and opportunity for enhancing living conditions and alleviating poverty for increasingly large numbers of people. Agglomerations of social services provide the opportunity to alleviate poverty by providing access to public goods and services including education, health and welfare services. The increasing spatial fragmentation of cities into wealthy and poor enclaves however undermines the equitable distribution of public goods and services. This trend ultimately reinforces poverty and creates serious problems of **social and economic exclusion**, with escalating social tensions and violence, which is often exacerbated by the balkanisation of immigrant neighbourhoods.

The hollowing out of the nation-state, the rise of supranational regimes and global trends towards **democratization and decentralization** has implications for local governance. The increasing transfer and devolution of authority to local government has critical implications for urban policy as local government increasingly assumes responsibility and accountability for the quality of life in cities (Altes W, 2002). Local governments must develop the necessary capacity to respond to this challenge, including the requisite structures of governance, funds and human resources. Inter-governmental tensions and resource constraints however often give rise to unfunded city mandates, which undermine the ability of cities to deliver.

The **relationship between local government and civil society** is in a state of considerable flux. On the one hand, the increasing importance and power of the private sector suggests that government is no longer the centre of decision-making and may no longer be the sole or even the main provider of social services (Cities Alliance, 2002). The outsourcing of activities to the private sector and the development of partnerships between the state and non-government organisations holds important implications for the management and performance of traditional local government services. Local government is likewise facing increased pressure to ensure broad-based participation and boost responsiveness to an increasingly demanding civil society. The role and function of local government is simultaneously shifting and expanding as local government becomes a hybrid organization that merges both traditional local government activities with an increasingly facilitative and entrepreneurial orientation.

The abovementioned factors paint a picture of rapid change affecting cities across the globe. Whilst many of these trends are not necessarily new, what is new is the shared globality of the problem. Never before has the general urban condition been so similar among the major metropolitan areas of what has traditionally been called the First, Second and Third Worlds. The process of change does not affect all cities equally or in the same manner and the impact within cities is similarly not uniform as the overall trend remains directed at greater polarization and disequilibrium between concentrations of wealth and poverty within and between cities.

3.2 Cities in South Africa

South African cities are faced with particular challenges linked to the legacy of apartheid, delayed urbanisation and political transformation. South African cities have inherited a dysfunctional urban environment with skewed settlements patterns which are functionally inefficient and costly, huge service infrastructure backlogs in historically underdeveloped areas and large spatial separations and disparities between towns and townships. (Department of Provincial and Local Government, 1998). Approximately 55% of the South African population lives in urban areas. Latest census figures suggest that the process of urbanisation is escalating and this has been demonstrated most vividly by the 20% increase in the Gauteng population.

Cities and the South African Economy

In the South African context, 20% of towns and cities produce 82% of the national GDP and approximately 80% of all manufacturing activity is concentrated within six metropolitan regions.

(Cities Network, 2002)

South Africa's cities and towns are a major focus of growth and economic dynamism. (Urban Development Framework, 1997). South Africa urban economies are supported by good urban infrastructure and the consolidation and extension of this urban infrastructure can contribute significantly to the creation of employment opportunities and poverty alleviation through the extension of

social service provision. As such, cities provide critical vehicles for economic, social and political change within South Africa.

The growth of cities was historically truncated by mechanisms to inhibit black urbanisation and whilst this process ultimately collapsed under the weight of urbanisation pressure, cities were slow to respond to the new challenge. In most cases, demands for housing were addressed through the creation of peripheral settlements and the social and economic exclusion of residents in these areas heightened the impact of their political disenfranchisement. The dysfunctional city structure has increased transportation costs as the poor are located at a substantial distance from economic opportunities and this has impacted negatively on both the productivity and costs of

labour. In the face of a housing shortage, the urban poor sought accommodation in a thriving backyard rental market which remains beyond the purview of official policy-making to this day. Overcrowding and poor living conditions within backyards ultimately gave way to the illegal occupation of land and the establishment of free-standing informal settlements.

The process of political transition has had profound implications for the credibility, structure and financial viability of South African cities. During the period of transition from 1991- 1995, transitional local government lacked the credibility and legitimacy for effective governance. Post-elections, the local authorities focused on the structural transformation of local government to promote the delivery of services on an equitable basis. It is widely acknowledged that service delivery suffered during this period, largely as a result of the emerging crisis in local government finances but also as a result of the lack of leadership, the loss of institutional capacity and policy vacuums. Institutional relationships were in a state of considerable flux, particularly the relationship between tiers of government, political leadership and the bureaucracy, "old" and "new" bureaucrats, the state and civil society. These tensions impacted on service delivery and the implementation of projects.

Global and local trends affect city structures in profound ways. One manifestation of this is the reality of urban decline within various environments. Decline arises within a range of environments, including traditional urban centres, excluded residential neighbourhoods and informal settlements. Cities respond to the process of urban decline in different ways. These responses are typically grounded in ideological assumptions as to the underlying nature and cause of decline. Responses to urban decline are accordingly crafted in the context of a complex set of institutional values which shape programmatic responses.

3.3 Implications for Urban Renewal

As reflected above, global trends and local circumstances hold profound implications for the physical structure, economic efficiency, social equity and environmental sustainability of cities. Historical legacies and the impacts of the processes 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 and productivity and ultimately leading to political and social instability.

Solutions cannot merely be left to chance, time or the market but require active intervention and management. Increasingly, cities seek to address the challenges of transformation and change in an integrated manner through the development of overall

City Development Strategies which address the multi-faceted nature and impacts of change within a multi-sectoral and long-term framework. Urban renewal interventions which seek to address area-specific decline in urban centres, informal settlements and exclusion areas should accordingly not be undertaken as stand-alone activities, but must be located within the context of broader City Development Strategies and regional development frameworks.

4 URBAN CENTRE UPGRADES

4.1 Definition

Urban centres are multi-functional nodes, with strong transportation hubs, incorporating commercial, retail, cultural and relatively limited residential components (Gauteng Department of Development Planning and Local Government, 1997). Urban centres are important because of their accessibility, the diversity of goods and services which they offer and the highly concentrated levels of public and private sector infrastructure investment in these areas.

4.2 Context

Decline in urban centres is typically manifested in economic terms through reduced public and private investment, a reduction in the diversity and value of business activity (particularly retail and commercial activity), industrial regression, deterioration in the quality of public open space and poor urban management.

Why Focus on Urban Centres?

Urban centres have strong image roles, tend to be an important source of revenue for local government, be a significant source of regional growth and may make substantial contributions to gross national domestic product. Thus, for example, despite its state of decline, the Johannesburg Central Business District continues to be the most important source of revenue for the City of Johannesburg.

Deindustrialization and global trends towards **suburbanization** have depleted traditional urban centres in the North of their manufacturing base as businesses decentralized to multiple sub-centres (Ingram 1998) and subsequently relocated to developing countries. This resulted in the progressive and systemic decline of core and peripheral areas. The growth of the knowledge economy and the increasing globalisation of capital

shifted the focus of many urban centre upgrades in the North towards attracting international knowledge capital, destination business and leisure tourism and cities are specializing in areas such as tourism, financial services and sporting facilities. Other cities have managed to re-industrialize their economies by offering localities and external

economies which are highly supportive of flexible, organized industrial districts for small, innovative firms (Storper, 1996).

Most urban centres in South Africa are experiencing severe stress as a result of a combination of global trends and unique local forces. Whilst some argue that urban decline and environmental deterioration is a **cyclical process** which has its roots in global investment cycles, it remains true that decline may be sparked by non-cyclical factors which may be ameliorated or exacerbated through public leadership.

Policy Problem:
Urban Centres vs Township Centres

The absence of strong urban centres within most township areas in South Africa constitutes a significant policy problem. There is political pressure to develop urban centres for a variety of reasons including redress and equity, the desire to simulate economic activity and create jobs and the role of urban centres as a focus for civic pride and place-making activities. The economic viability and financial sustainability of these areas is however doubtful in view of the absence of economic agglomeration, low population densities and the restricted buying power of residents. Attempts to develop urban centres within township areas should accordingly only be undertaken after a very clear assessment of the financial and economic viability of these areas and the impact of these new areas on existing urban centres and secondary nodes.

The decline of urban centres substantially predates political transition in South Africa. In Johannesburg for instance, the conditions for decline were established during the 1960s as a result of planning decisions which **restricted parking** within central business districts and greatly increased congestion. These practices were often accompanied by tacit and explicit support for the establishment of new **secondary urban centres** such as Randburg and Sandton which attracted investment away from existing urban centres. These factors combined to spark an exodus of retail and

commercial business, often to **large shopping malls** and **office parks**. Economic trends towards smaller scale business activities promoted the formation of **home offices**. In the case of the Nelson Mandela Municipality, this led to the **cannibalisation of residential properties** in close proximity to urban centres, for small-scale commercial use. The relocation of commercial and retail businesses and the demolition of the vibrant inner city residential neighbourhoods of District Six and Marabastad during the 1960s and 1970s under the **Group Areas Act** not only robbed urban centres areas of their vibrancy but also scared the landscape and the psyche of South African cities.

The establishment of new secondary nodes, shopping malls and commercial parks caused a **shift in consumer patterns** as well-heeled consumers with access to private transport abandoned urban centres. Lower income consumers, dependent upon public transport, were less able to access secondary nodes and increasingly focused their expenditure in accessible urban centres. A profound demographic shift occurred as

white consumers/residents with access to credit and higher levels of disposable income were replaced by black consumers/residents with limited access to credit and lower levels of disposable income. These changing consumption patterns were noted by the **retail sector** and this led up-market chain stores to downscale their activities within urban centres, with an ever increasing number of low-grade, small scale and homogenized retail activity taking their place.

Commercial stock within urban centres was increasingly unable to attract new tenants due to the systematic **loss of agglomerations**, but also as a result of the **aging built form** of properties which were unable to accommodate new technologies. The changing demographic structure of urban centres was perceived as a threat by both individual and institutional property-owners, who believed that their investments were under threat and were unable to respond appropriately to the changing environment. As a result, **maintenance activities** for commercial and residential properties were postponed or shelved. The perception and fear of declining property values thus deepened actual decline.

Economic decline and conservatism during the 1980s gave rise to policies which reduced state control over **informal sector activities** leading to the deregulation of the taxi industry and a boom in street trading. These enactments were not introduced in consultation with cities and severely compromised urban management activities. This led, in some instances, to the virtual abandonment of governance activities in relation to these sectors. Likewise, the absence of well-located housing for low-income households created fertile new markets for the owners of declining inner-city housing stock and vacant commercial buildings. High rentals, low affordability levels, poor management practices and the use of commercial buildings for residential purposes coalesced to create **overcrowded and degraded residential environments**. In many instances absentee landlords simply abandoned buildings and stopped payments for rates and taxes and service charges.

The process of **political transition** led to decision-making paralysis within local government. During the initial four year period, transitional local government experienced a crisis of legitimacy and uncertainty and this created an environment in which decision-making on unpopular and difficult issues was often avoided. Newly elected local government faced the daunting task of establishing new governance mechanisms. Delivery activities during this period tended to focus on the roll-out of services to disadvantaged areas, with urban centres being considered a low policy priority. The enforcement of **municipal bye-laws** was an unpopular and politically embarrassing activity and weak political commitment to bye-law enforcement was exacerbated by **financial crisis**. Austerity measures were introduced in many cities and this led to a decline in the quality of urban management. This situation was compounded by the poor

management of **publicly-owned buildings and land** which were often neglected or illegally occupied. The ostensible abandonment of public buildings further undermined private-sector confidence in the viability of urban centres. The failure of local government to enforce municipal bye-laws, coupled to the physical decline of public open space, created a sense of **urban lawlessness** and heightened **crime and perceptions of crime**. The institutional vacuum was filled by criminal syndicates which took over buildings and created no-go areas for policing and bye-law enforcement.

4.3 Policy Objectives

Internationally, area-based strategies for the renewal of urban centres typically form part of a broader strategy to promote city economic development and are often formulated within the context of **City Development Strategies**. These programmes are underpinned by the implicit policy assumption that the decline of urban centres is linked

Critique of Property-led Urban Renewal

By the early 1990s, property-led urban renewal experienced a policy backlash internationally as a result of the negative impacts of property-led initiatives on displaced local communities and the failure of property-led interventions to address underlying social problems such as local unemployment. Whilst it was argued that the attraction of investment would benefit the local fiscus and therefore the broader public within a trickle down framework, this could not be guaranteed despite the use of public funds to subsidize private business interests.

Property-led initiatives have been criticized for focusing too narrowly on physical as opposed to social aspects of renewal. There is accordingly increasing pressure on project implementers to strike a balance between the physical development of areas and the social needs of residents. This typically entails the provision of housing and social facilities and more effective process of engagement with local residents. (Jones & Watkins, 1996) Where social and economic problems are not addressed, the long-term sustainability of projects has been cast into doubt (Rowntree Report, 1999). As a result of these difficulties, the scope of urban renewal within urban centers is increasingly being extended to focus beyond land and property markets and this has been accompanied by stronger policy emphasis on community empowerment and the introduction of mechanisms to reduce inequality.

to market failure arising out of the collapse of private sector confidence in urban centres. Within this understanding, the primary objective of area-based interventions is to restore the confidence of the private sector (both as producer and consumer) in urban centres with a view towards the creation of a sustainable property market and the restructuring and diversification of local economies (Jones C & Watkins C, 1996). These relatively narrow policy objectives initially gave rise to property-focused renewal interventions in which the primary beneficiaries tended to be private sector interests, particularly land owners, property developers and investors.

Responses to the decline of existing urban centres in the South African context are complicated by the pressure to establish new urban centres in former low-income dormitory townships, the history of

racial exclusion which operated within many urban centres and pressures to meet the economic demands of the residents of privatopias. These problems raise important political questions about the nature of city centres and their users.

There is currently no ***national policy framework*** to contextualize or support the renewal of urban centres in South Africa although principles supporting urban renewal were included in both the Urban Development Framework and the Development Facilitation Act. The Department of Provincial and Local Government has recently commenced with the preparation of a policy document to guide urban renewal and to review the Urban Development Framework.

At ***provincial level***, only the Gauteng Provincial Government has issued policies which directly address the renewal of urban centres. The Gauteng Growth and Development Framework was prepared during 1997 and the Gauteng Department of Finance and Economic Affairs simultaneously issued the Gauteng Trade and Industrial Strategy. These documents both envisaged the transformation of Gauteng into a globally competitive "Smart" Province and both highlighted the importance of effective urban centres for urban development and economic growth. The Gauteng Department of Development Planning and Local Government subsequently issued a White Paper on Urban Regeneration and Integration Plan for City, Town and Township Centres. This document underpinned the enactment of legislation to facilitate the establishment of city improvement districts and the establishment of the Vusani Amadlobha Programme to finance renewal projects within urban centres.

During the period of political transition, urban centres received relatively little attention but there has more recently been a surge of interest in the redevelopment and renewal of declining urban centres by ***local governments***. The absence of national policies to guide urban renewal has not impeded the implementation of renewal projects which tend to be informed by the following mutually reinforcing, locally-derived policy objectives:

- The renewal of urban centres is understood as a necessary precondition for ***economic growth***. Renewal projects accordingly seek to rebuild the economic base of declining areas and achieve this by creating a functioning property market to attract sustained private investment which may be channelled in a direction that supports economic diversification and the reinterpretation of the role of the urban centre in the economy of the city.
- The renewal of urban centres is directly linked to the ***fiscal objectives*** of local government as many urban renewal initiatives aim to reinforce and grow the rates base of local government. This objective is closely aligned with the need to ***protect and optimize the existing asset base*** of urban centres which includes substantial

public investment in underlying engineering services, transportation hubs and public open spaces, and private investment in the form of commercial and residential property.

- Urban centres play a critical role in **addressing exclusion** by linking the urban poor to the remainder of the city particularly through the effective operation of transportation hubs and through the creation of residential spaces within urban centres.

4.4 Legislative and regulatory environment

Legislation is often introduced in the international context to give effect to the policy objectives of area-based renewal within urban centres. These legislative enactments may typically be divided into several distinctive “bites” including the enactment of legislation to establish institutional vehicles for urban renewal and vest planning authority with these institutions in order to fast-track development. This approach is typified by the case of the Lisbon Expo (See: Case Study 1) and the redevelopment of the London Docklands (See: Case Study 3).

In the South African context, no national legislation has been introduced to specifically address the upgrading of urban centres. It is however clear that legislation is increasingly required to support the establishment of institutions such as Urban

Development Corporations and Business Improvement Districts (see discussion below). This legislation should particularly address issues relating to multi-sectoral co-operation, corporate governance, reporting and audit requirements. Legislation may likewise be required to demarcate urban centres for funding and fiscal incentive purposes. In this regard, recent moves to establish tax incentives for urban centres should be matched by a review of the proposed Municipal Rates Bill to ensure that incentives and rates arrangements operate in harmony.

Legislating Informality

Several cities highlighted the negative impact of certain legislation on city management activities. Much of the critique of this legislation arises out of conflicting approaches to informality within the South African context. In some instances, efforts have been made to embrace informality as an alternative to economic growth within the formal economy. The Business Act was enacted during a period of state deregulation and was designed to support informality by reducing restrictions and bureaucratic control. This legislation has however complicated urban management significantly and has been identified as a significant contributing factor to urban decline. By contrast, other legislative enactments have their roots embedded in the formal economy and no longer provide sufficient or effective tools for the management of cities. Thus, the National Building Regulations has been identified by a number of cities as creating onerous, unrealistic and inflexible barriers to the redevelopment and upgrading of urban centres.

In addition to the above, several enactments such as the Business Act and the National Building Regulations have been found to have a profound impact on decline and/or renewal activities within urban centres and these require careful review.

CASE STUDY 1: THE LISBON EXPO

Introduction

The Lisbon Expo is situated on the Tagus Estuary and was part of the Parque das Nações urban development project which covers an area of 340 hectares. The project was the natural outcome two processes, namely a Strategic Master Planning process undertaken by the Lisbon Municipality and tenders for the last Universal Exposition of the 20th century. These together provided an opportunity to revitalize derelict sectors of the city occupied by industry/ warehouses and to enhance the region by providing a multi-functional mixed-use urban environment (including leisure, sports, shopping, residential and service areas) with a supportive transportation strategy to enhance accessibility.

Project Background and Objectives

Lisbon has aspired to become the premier trading centre of Europe since the 15th century but the last 20 years have seen a significant decline in industry, job losses, the depopulation of industrial areas and declining city centres. The Regional Plan for the Lisbon Metropolitan Area highlighted the need for Lisbon to become a world class city through the initiation of a comprehensive urban regeneration strategy to address previous derelict industrial areas. The Strategic Master Plan established various economic development objectives. The city was divided into four zones and the Riverside Arc identified for redevelopment to "allow the city to rediscover the river". This would strengthen the image and competitiveness of the city and would reinforce the image of Lisbon as a leading "global" city. The project would also enhance the capital's international profile by promoting and marketing its Atlantic coastal position. In overview, the project would redevelop the obsolete and run-down industrial harbor, create a new urban centre, host the Universal Exposition and leverage this event to transform the image of the city. The entire planned built environment was based three elements including major facilities featuring "bold and emblematic architectural designs", services and commercial areas and 25 000 housing units. The international zone would include the headquarters of the Lisbon International Fair and a business district of 450 000m² which would be marketed as the headquarters of national and multinational corporations.

Delivering a Legislative Framework for Public Private Partnerships

To facilitate the project, a decree was passed on 23 March 1993 to define the boundaries of the "Expo 98 Action Zone". This zone was declared to be a "critical zone for urban upgrading and renewal" which reduced planning and consultation requirements. A simultaneous decree was enacted to establish the Parque Expo 98 as a private company with access to public capital. The Parque Expo 98 received an initial capital loan from the state of £1 650 000 and a grant of publicly owned land estimated at £24 090 000. The loan covered the initial development risk to rehabilitate the site and created the necessary conditions to attract private investment. Up to 60% of the costs of site development were to be covered by the property development programme with the balance coming from profits received from a number of businesses developed on site. The company was responsible for developing, designing constructing and dismantling the World Exhibition. It had the autonomy to purchase, develop and sell land parcels in the entire zone and was also granted independent status as a separate urban planning body to speed up and facilitate long-term urban restructuring. The Expo site was completed by May 1998 although the entire project was to continue until 2009. The authority of the Lisbon Expo has however been extended beyond the development to include the maintenance of the site which has been totally privatized.

4.5 Project selection

Internationally, the selection of area-based renewal projects is typically linked to broader frameworks for economic development. These frameworks are most often established at local level and are often nested into regional and national economic frameworks. Project selection is often linked to the submission of comprehensive project proposals and is based on fairly explicit criteria. Evaluation processes appear rigorous but the final selection of projects is often highly politicized.

Project initiation and selection in South Africa is generally undertaken at local government level. Whilst there is broad consensus that projects should be selected based upon their impact within *city/regional economic development frameworks*, these frameworks are non-existent in many instances. In some cases, project selection is supported by technical assessments, including *comprehensive planning frameworks* which focus on integrated development plans, environmental impact and transportation studies. Some cities have taken the process further by determining the status of areas in terms of their *potential for decline or transformation*, their *potential to leverage* private sector investment and their ability to crowd in initiatives and funding streams. Projects are often selected based upon an assessment of *declining levels of investment* measured by a variety of indicators including declining property market values and the rate of new construction. Projects are also selected based upon their *linkages to key civic assets* such as theatres, libraries, courts, markets, docks etc. Despite the rigour of technical assessments, it is generally acknowledged that the information base for technical assessments is insufficient and that these assessments still tend to focus excessively on spatial considerations without a real understanding of the underlying economy or the causes/processes of change. The benefits of urban centre renewal projects for the urban poor are often nebulous, although proximity to degraded areas is often a strong motivating factor in the selection and approval of urban renewal projects.

Whilst technical assessments enjoy substantial support from both political office-bearers and officials, the extent to which they actually inform decision-making in practice is somewhat contested. In many cases, project selection arises out of demand-driven processes from business lobbies which approach government to co-fund particular projects. Most often however, project selection is based on bureaucratic intuition as officials select project areas based upon their own experience and in response to political pressure to “respond to the obvious”.

4.6 Nature of Interventions

The dominant focus of area-based interventions in urban centres is to restore business confidence by providing a combination of the “right business environment” and financial incentives to attract private capital to redevelop derelict areas. This approach to urban renewal emphasizes the primacy of the private sector in reviving the fortunes of depressed areas and the secondary role of the public sector in creating and supporting conditions for private sector wealth creation (Loftman et al). The creation of conditions which are favourable for private investment generally require substantial public sector support to counteract stagnated urban property markets. In order to build the necessary momentum for change, a range of interventions is typically undertaken simultaneously, with property development being attributed a central role. The following constitutes a list of the most common interventions for the renewal of urban centres:

- **Flagship projects** aim to highlight the strategic location or unique facilities of a city and sometimes attempt to alter city structure through the creation of secondary urban centres (Carriere, 2002). Flagship projects are aimed at local property

A Social Critique of Flagship Projects

Flagship projects help to diversify the economic base of declining cities and may potentially benefit city residents through the generation of wealth and jobs. Flagship projects are however premised upon the notion of wealth creation with little or no regard to wealth distribution issues (Deakin & Edwards, 1993). Projects accordingly often fail to distribute benefits in an equitable manner and jobs often fail to benefit local residents due to the leakage of jobs to commuters, the generation of service sector jobs which may not be linked to the underlying skills base of disadvantaged residents and racial discrimination which poses a barrier to accessing employment opportunities. Flagship projects accordingly often fail to address issues concerned with social equity and social exclusion.

Alternative mechanisms to increase the social dimension of urban renewal strategies for urban centres include a focus on non-property sector aspects of the economy including micro-economic sectoral policies at city level. These approaches should focus attention on sectors which are competitive and which provide opportunities for the creation of employment opportunities which may be accessed by local residents.

developers/private investors and attempt to encourage organic growth within urban areas by shifting perceptions about particular localities (Loftman et al). **Prestige projects** are a variety of flagship project and seek to pioneer innovative, high profile, large-scale, self-contained developments which are primarily justified by their ability to attract international inward investment. These projects are often linked to large international events and involve the creation of a distinctive urban neighbourhood with the primary purpose of changing the image of the city. Projects are often located in central business districts or

at waterfront locations and may take a number of forms including convention centres, festival market-places, major office complexes, leisure and sporting facilities. These projects seek to promote new urban images, boost civic pride and to act as a hub of a radiating renaissance (Loftman et al). This in turn enhances business confidence and facilitates increases in land values and development activities to adjacent areas.

Case Study 2: The Guggenheim Museum

Background

Bilbao is the capital of Vizcaya, one of the three main provinces in the Basque Region of Spain. The city's economy was historically based on mining, metallurgy and shipbuilding. The strategic location of Bilbao, on a major waterway adjacent to an abundant supply of iron ore created a prosperous industrial sector. In the late 19th century, Vizcaya was the most dynamic provinces in Spain with the greatest population growth, the largest railway system and the greatest number of registered ships. Bilbao experienced a growth spurt during the first half of the 20th century due to the Spanish civil war and the introduction of conservative, protectionist economic policies which promoted domestic industry. Up to the 1970's Bilbao experienced increased industrial activity and low unemployment. By 1975 this economic expansion began to wane as a result of global trends towards the industrial decentralization. The trend impacted profoundly on Vizcaya as an industrial heartland and by end of the 1980's, industry was in a state of decline.

Regeneration of Bilbao

Deindustrialization in Bilbao, created high unemployment and many industrial sites and buildings were derelict. In 1992, the Basque Government embarked on a strategic planning process aimed at revitalizing the urban centre of Bilbao and in December 1992 the central government and the Basque administration appointed the Bilbao Ria 2000 to drive the economic recovery of Bilbao. The Bilbao Ria 2000 identified and supplied sites for the location of expanding economic activities and identified areas for the physical upgrading of derelict land. The Bilbao Ria 2000 was given the authority to develop urban renewal strategies within the metropolitan areas of Bilbao and was given access, management authority and control over public resources while remaining an autonomous private entity.

The Guggenheim Museum

The Strategic Plan for the Regeneration of Metropolitan Bilbao conceived of a new approach to urban regeneration in Bilbao through the development of a flagship, emblematic project with a key focus on branding, design aesthetics and an overriding concern for generating urban growth through tourism. The revitalization of the Bilbao Waterfront was essential in providing a new image for Bilbao and a key project within the scope of the waterfront development was the Guggenheim Museum designed by architect Frank Gehry. The plan for the Guggenheim Museum in Bilbao began in February 1991 when high ranking officials from the Basque authority approached the Solomon R. Guggenheim Foundation with a proposal for the revitalization of Bilbao. The Basque Government Minister for Culture, chief executive of the Provincial Council of Bizkaia and a representative of the Board of Trustees of the Solomon R. Guggenheim Foundation, signed the Development and Programming Services Agreement for the Guggenheim Museum Bilbao. A Consortium for the Guggenheim Bilbao Project was established to supervise the Museum's planning and construction processes and work began in October 1994. The building was finally completed in October 1997.

Flagship projects represent place-marketing tools in the global inter-urban competition for private investment. Flagship/prestige projects are a fairly common feature of urban centre upgrades in South African and include examples such as the V & A Waterfront in Cape Town, the proposed Freedom Park in Pretoria, the Newtown Cultural District in Johannesburg, the proposed Statue of Freedom and waterfront development in Port Elizabeth and the Durban International Conference Centre. In all cases it should be borne in mind that the development of innovative and unique facilities as part of prestige projects may provide only a temporary competitive advantage due to the plethora of imitators in other urban centres. These projects are accordingly not sufficient to ensure locational differentiation or the diversification of local economies.

- The redevelopment of urban centres is often linked to the diversification of the underlying economy. This typically entails the identification of and support for key ***economic sectors*** in order to kick-start or support the development of economic agglomerations. These may be very diverse and could include cultural districts, high tech areas, fashion districts etc. In the South African context, the City of Johannesburg is beginning to apply this approach with some success.
- ***Supply-side land interventions*** are often undertaken to subsidize the costs of development. These activities include the acquisition of land (often through expropriation), land rehabilitation, land assembly and release, the development of overall planning frameworks and the servicing of land. Investment is attracted into derelict areas through the deliberate subsidization of development costs which then provide enhanced market returns once an effective property market is established. This particular intervention is fairly common in the South African context and is expected to become more important as a future source of local government revenue, particularly as a number of local authorities have established dedicated property development/management units to focus on maximizing the use/value of publicly-owned land. It should however be borne in mind that supplying land and buildings

Addressing Crime in Urban Centres

In the South African context, virtually all major cities are currently undertaking the installation of CCTV television and it is anticipated that this roll-out of infrastructure will continue for the foreseeable future. A key consideration however remains the institutional capacity to respond effectively to instances of crime and the linking of various public and private security agencies into a single, integrated response system.

does not in itself attract foreign and new firms as international competitiveness is much more dependent upon such factors as inflation, exchange rates, productivity and wage levels (Schuiling, 1996)

- Many urban centre renewal projects include a focus on the reduction of crime and the

perception of crime. This may take the form of increased **visible policing** and the formation of **policing partnerships** between police and the business community. Crime interventions are however increasingly taking the form of electronic surveillance through the installation of **CCTV systems**.

- The physical upgrading of urban centres is generally accompanied by mechanisms to enhance **urban management**. This may take a number of forms including enhanced cleansing routines, a zero tolerance attitude to **bye-law enforcement** and direct **slums clearance**. In South Africa, this has given rise to the widespread and controversial clearance of vagrants, street people and street traders. Increased enforcement places considerable strain on an already overloaded justice system which attributes a low priority to municipal bye-law infringement. This has led to initiatives to establish **dedicated municipal courts** to prosecute offenders.
- National governments often endeavour to support local area-based strategies by crowding in resources from various programmes in order to enhance the impact of public expenditure. Fiscal measures such as **tax incentives** are a very common feature and may take the form of capital allowances, demand side occupation subsidies and capital gain tax relief schemes. Within the South African context, the Minister of Finance has recently announced the introduction of a new tax incentive scheme for the redevelopment of properties within demarcated urban renewal areas. Whilst this initiative is strongly supported by all cities, most acknowledged that tax incentives are not in themselves sufficient to spark urban renewal and must be applied in conjunction with other initiatives.
- Many local governments support the process of urban renewal through a variety of fiscal mechanisms including **property tax relief** arrangements and **bulk service contribution** waivers. Rates arrangements are historically fairly commonly within the South African context but are expected to become even more important with the enactment of the Municipal Systems Act which permits local councils greater discretion in the development and application of local fiscal arrangements.
- Many urban renewal projects focus on the redevelopment or optimization of public transportation infrastructure and the redevelopment of public transportation hubs. Within the South African context this has generally translated into a focus on the **upgrading of taxi-facilities** and the development of **inter-modal transportation hubs**. Excellent South African examples include the redevelopment of Warwick Junction in Durban and the Metro Mall Project in Johannesburg. Unfortunately many of these interventions are not comprehensive as they tend to focus almost exclusively on the taxi industry. Focus is however increasingly shifting towards the integration and better utilization of rail infrastructure. The City of Tswane is currently

focusing on the station precincts as nodes for urban renewal. The development of **public trading markets** is a closely associated activity in view of the synergies which exist between public transport and informal trade. It is widely acknowledged that these projects are particularly complex and prone to failure as stakeholder constituencies are often poorly organized and many are survivalist in nature. The need for cost-recovery to ensure the financial sustainability of markets often creates conflict and the potential for economic exclusion is high. The privatisation of these facilities is also a controversial issue as many of these facilities require ongoing operational subsidies. The development of facilities often gives rise to intra-governmental conflict regarding the future operation and maintenance of facilities which may fall between or within overlapping departmental mandates and do not fit the preferred mould of “facilitative” governance.

- During the 1980s and in response to deindustrialization, many cities established **enterprise zones** in an attempt to enhance and retain manufacturing capacity. These zones were typically established and managed by Urban Development Corporations and were supported by the allocation of urban development and city grants. Whilst enterprise zones were considered successful in development terms, they failed to stimulate wider renewal and this led to the development of alternative programmes which focused more directly on the redevelopment of derelict areas (McGreal S, Berry J, Lloyd G and McCarthy J, 2002). Enterprise zones are not unknown in the South African context, but are relatively limited in their application.

4.7 Institutional Arrangements

The policy assumptions underpinning urban renewal interventions in urban centres have had a major impact on the nature of institutional arrangements. The principal of subsidiarity underpins many urban policy debates and urban renewal is no exception. According to this principle,

“Authority should reside at the lowest level commensurate with the necessary information and resources for making and implementing decisions, with the onus of proof on those who would move powers to a higher level”.

This view suggests that funding should be allocated to **local institutions** (whether in the form of local authorities, local partnerships or local corporations), in preference to institutions located at a distance from local accountability. As a result, most institutional arrangements for urban renewal tend to focus on the local level.

There are very few examples of successful renewal activities which have been driven from regional or provincial levels either internationally and locally. The involvement of **regional/provincial government** may however be important where local government activities (particularly those with economic implications) require mediation to enhance co-ordination and co-operation between city-regions. In addition, regional institutional mediation may be required to bridge institutional tensions or vacuums between national and local government. In these instances, regional/provincial governments are not generally directly involved in the implementation of projects, but rather manage the allocation of funds for urban renewal to achieve regional economic objectives. This approach has found resonance within urban renewal projects in the Gauteng Province where both the Vusani Amadolobha Programme and Blue IQ Programme have been funded provincially for local implementation.

Local government is often directly involved as the implementing agency of urban renewal projects, particularly in the European context. This involvement is most pronounced where local authorities derive a significant proportion of their income from land management activities as this creates an incentive for property market interventions. In this context, local government pro-actively purchases brownfield sites, redesigns and services them and resells sites on to market participants. It should be noted that the greater tendency towards physical development projects could ultimately expose local government finances to the vagaries of real estate markets. In eThekweni, urban renewal activities are undertaken by **area-based management structures** which have been established as dedicated implementation units within the structure of local government. By contrast, the Johannesburg Development Agency has been established as a **corporatized business unit** under local government control. The most important benefit of these arrangements lies in the singular focus of dedicated and high quality officials.

In response to urban decline in USA cities in the 1970s, many local authorities acknowledged that urban renewal could not be achieved through government intervention alone and they accordingly began to forged relationships with property developers through **public-private partnerships** in a bid to encourage private investment and direct it towards demarcated areas. These relationships were generally structured through relatively loose public-private partnerships or joint ventures which aimed to foster co-operative relationships between the state and private sector interests. Most of these arrangements did not vest accountability or responsibility for funding with the public-private partnership and did not grant special powers to public-private partnership vehicles. Although no new funding mechanisms were created, efforts were made to prioritize public-private partnerships for funding within existing programmes. Renewal activities were initiated within existing planning frameworks and procedures. This often gave rise to slow project implementation which tended to undermine the

involvement of private sector partners (Schuiling, 1996) and created problems in projects faced with tight implementation timeframes for high profile prestige events. The increasing complexity and scale of urban renewal interventions however increased the institutional risks of multi-sectoral engagement and this systematically shifted attention to more formalized vehicles for urban renewal.

During the 1980s, conservative governments mobilized to cut public expenditure and reduce public control over private sector activities. The hostile relationship between national and local government in some countries led to restrictions being placed on the resources and functions of local government as national governments blamed urban decline on inept local bureaucracies. These factors coalesced to promote the formation of **Urban Development Corporations** (Carriere & Demaziere 2002). Urban Development Corporations tend to focus on property-led regeneration initiatives and are typically given wide powers to access public land, acquire/expropriate private land and control the development process. Urban Development Corporations often receive initial capital support from the state, which is used to underwrite the initial development risk and accordingly creates better conditions for the leveraging of private funds (Carriere & Demaziere, 2002). Urban Development Corporations have been criticized for bypassing local democratic systems by setting up partnerships dominated by business and property interests (including the real estate interests of the city). These initiatives were subsequently criticized as non-viable, non-sustainable and exclusionary (Turok, 1992). Urban centre upgrades that take place outside of broader planning frameworks, often also lead to unpredicted burdens on urban infrastructure (particularly road and waste water), and sometimes re-orientated city structure in unpredicted or undesired ways.

The establishment of wholly government-owned Section 21 companies in the South African context closely parallels the establishment of Urban Development Corporations. These companies are typically established to undertake large, discrete projects and are comprised of local government appointees and private sector representatives. Historical examples include the establishment of Section 21 companies for the construction of the Johannesburg Athletics Stadium and the development of the V & A Waterfront in Cape Town. This approach is currently exemplified by the establishment of the Mandela Bay Development Agency which has received start-up funding from the Industrial Development Corporation. The establishment of an independent development agency provides a visible symbol of unified resolve to undertake projects and may accordingly play an important role in galvanizing energy for projects. This may be reinforced through the appointment of a skilled Chief Executive Officer and an effective Board of Directors with high levels of corporate governance. The selection of board representatives must however be undertaken with considerable care to avoid division and exclusion. In some instances, the establishment of independent development agencies have been greeted with hostility by both political leadership (who view the independence of the agency with

Case Study 3: The London Docklands and Canary Wharf

Background

The Docklands lies within the floodplain of the Lower Thames and in the 16th century the port was the centre of the merchant, trade, banking and insurance economy of the city of London. The city mushroomed with industry and the docklands became known as the 'backyards' of London, home to successive waves of immigrant communities. The decline of the Dockland area began at the end of the 1940, as a result of air bombardment by German troops and the depopulation of the area. The changing world economics in the 1960's and the cargo handling and container revolutions signalled the closure of the entire dock system. The regeneration of the London Docklands Area was initiated for economic reasons but the preservation of the physical heritage was an important priority. The London Docklands Area consisted of 2226ha with a resident population of 40 000 and an employed population of 27 213. A comprehensive development frameworks, design guidelines and conservation frameworks were prepared for the area. Areas for redevelopment and conservation were identified. The river and the water area of enclosed docks was to be converted into public open spaces whilst a new railway link with was to be built to link the docklands to the city.

The London Docklands Development Corporation

The London Docklands Development Corporation ("the LDDC) was established in July 1981 to regenerate the docklands area. The Local Government Land & Planning Act of 1980 gave the LDDC the institutional power to "secure... regeneration by bringing land and buildings into effective use..." The LDDC was also given planning authority to control development, protect historic buildings and designate conservation areas. The establishment of the LDDC proved controversial and received opposition from the local communities and constituent local authorities. Approximately £1 billion of grant in aid was given to the LDDC, almost three quarters of which was spent on the infrastructural developments. The LDDC could also acquire and reclaim land which could be onsold to the private sector for development. The proximity of the Docklands to London has assisted the LDDC to secure developer interest and capital.

The Canary Wharf

During the 1980s, the anticipated deregulation of financial markets sparked increased competition between London, Frankfurt and Paris to become the major financial centers of Europe. The Canary Wharf project was positioned to take advantage of the increased demand for office space that was expected to arise as a result of these trends. In addition, the Canary Wharf development aimed at establishing itself as a new commercial centre to act as a third centre for London. The first phase of the project involved eight buildings including the tower and a total of 400,000m² of lettable floor space which was completed in 1991. During the construction of the first phase a number of changes within the property market took place including the dramatic fall of equities on Black Monday the 19 October 1987, which eventually resulted in overall drop in demand of office space. By 1991 there was an over-supply of office accommodation and rental prices had fallen from £600 per square meter, to £350 per square meter in 1992. At this price a number of dockland property developments collapsed.

Conclusions

The Canary Wharf was developed at a stage of deregulated planning. The project aptly demonstrates the vulnerability of flagship projects to global economic trends. In the end, the City of London expended considerably more than was initially envisaged on the project, but derived limited public revenue benefits. The nature of the development has also been questioned as the jobs that were generated by the development was solely within the service sector and existing communities lacked the skills and education levels necessary to secure jobs in these activities. The Canary Wharf Project focused entirely on day-time population of wealthy office workers, with little regard for local population. The shops and services are at the expensive end of the market and there are no facilities that seek to provide long term facilities for the existing community. The initial housing was also built for the private sector and the luxury end of the residential market, well beyond the scope of the local residents.

suspicion) and the bureaucracy (which resents the special treatment afforded to these institutions). This may lead to time consuming turf battles which could ultimately undermine the sustainability of interventions, particularly in instances where the operation or maintenance of infrastructure is to be taken over by public agencies. Handover difficulties explain the tendency to prolong the lifespan of Urban Development Corporations through the extension of their mandates to include the ongoing maintenance of urban renewal areas.

Many urban centre projects are linked to the establishment of **Business Improvement Districts** (BIDs). It is estimated that more than 1 500 BIDs currently operate throughout the USA and Canada. These institutions are essentially business formations which enter into institutional arrangements with local government for the delivery of municipal services over and above the municipal norm. A legal entity is generally established to manage funds generated from membership levies and to attend to various activities including outsourcing arrangements for the delivery of **enhanced urban management** and **place marketing**. BIDs are highly effective vehicles for business engagement and are often able to lobby government very effectively. The establishment of BIDs is however not uncontroversial as the establishment of institutions to manage demarcated areas may entail the effective privatisation of public space. BIDs may accordingly take on many of the functions of government within demarcated area, without the obligation to achieve social equity or ensure equitable access (Arthurson 2001). A number of business improvement districts have been established in South Africa, particularly in Gauteng and Cape Town. Business improvement districts are currently being mooted in both Durban and Port Elizabeth. With the exception of Gauteng, business improvement districts are generally established in terms of loosely applied municipal bye-laws. The relationship between business associations and local government within BIDs accordingly differ substantially and the nature and scope of service level agreements is subject to consideration variation. Business improvement districts are considered particularly successful in the South African context as they constitute a credible institutional vehicle to support and represent business interests and are most effective where they are private-sector driven and public sector supported. They create highly effective institutional mechanisms for the funding and management of a wide range of business-supporting activities. In most cases, it should however be noted that BIDs are not fully representative of all business interests, but tend to be structured around formal business groupings.

4.8 Financial Arrangements

Funding for the renewal of urban centres may be derived from a number of sources, but the primary contributors remain local government and the business sector.

The only instance of provincial funding for renewal activities in urban centres remains the **Vusani Amadolobha Programme** which was introduced in Gauteng and has subsequently been replaced by the Blue IQ project.

Vusani Amadolobha Programme

The Vusani Amadolobha Programme was established by the Gauteng Department of Development Planning and Local Government in 1997 and aimed to support urban regeneration projects in urban centres. The programme provided grants to support urban renewal projects with an anticipated provincial government: local government and private sector ratio of 1:1:1. The total value of the programme (including leveraged funds) was R54 million over a period of 2 years and a total of 15 projects were funded. The programme was ultimately phased out in 2000 as the grants programme was not seen as a "core" departmental competence at the time. This underscores the critical importance of resolving the institutional location of urban renewal within government.

Local government contributions

generally bridge the cost of and lower the risk associated with urban renewal projects, boosting property values on completion. Local government contributions may take the form of direct funding for selected projects or institutional funding for the establishment and operation of local development corporations. The high risk associated with urban renewal projects, particularly flagship projects, often requires the provision of large grants, concessionary finance and equity

investments (Loftman et al) and the donation of public property is common. The ring-fencing of local government financial contributions provides security with regard to funding commitments for both local government and urban development corporations. Urban Development Corporations often derive funds from the sale of land developed through urban renewal projects. Local governments may introduce a range of **rates arrangements** to reduce project and investment costs. There are currently no **national government funding streams** which specifically support the renewal of urban centres. The National Department of Finance has recently announced **tax incentives** in the form of an accelerated depreciation allowance which is highly supportive of new private sector investment in the renewal of urban centres. It should be noted that the targeting of subsidies, including tax incentives and rates arrangements, with their focus on property owner and developers rather than on consumers of space, has led to a questioning of their effectiveness (McGreal S, Berry J, Lloyd G and McCarthy J, 2002).

The **Industrial Development Corporation** has recently awarded a grant to finance the pre-establishment costs relating to the Mandela Bay Development Agency and has indicated that a further R5 million be made available to finance market-related, "bankable" projects in future. In a limited number of cases, local authorities have managed to secure **donor funding** in some instances although the utilization of these funds is most often limited to the preparation of development frameworks. The provision of funding is most often linked to the preparation of **business plans** which articulate the

objectives, timeframes and financial requirements for the project. In many cases, the business plan is supported by **financial feasibility studies** which critically evaluate the business case for the projects most often as a prerequisite to the raising of private sector loans for the project. At this stage, there do not appear to be substantial requirements for the demonstration of either **partnerships** or community support.

Private sector contributions for the renewal of urban centres most often takes the form of direct investment in the construction or improvement of private property. Business contributions may also take the form of membership levies to BIDs. This approach is exemplified by the example of the San Diego Business Improvement District.

Case Study 4: San Diego Business Improvement Districts

Project Background

The Downtown San Diego Partnership is a privately funded business organization which was formed in 1993 by the merger of three Downtown business organizations which had been established in the 1950s. The Partnership consists of companies and individuals that aim to strengthen the business, residential and cultural environment of Downtown San Diego. The City of San Diego's BID program is administered by the City's Office of Small Business. The Downtown San Diego Partnership has a membership base of more than 325 companies representing a variety of business sectors including real estate, banking, law, insurance, communications, energy, hospitality and many others. The main objectives of the Downtown San Diego Partnership is to represent members before government agencies and community organizations; serve as a watchdog for downtown interests; support redevelopment that stimulates business and economic growth; advocate for improvements that enhance the quality of life in the downtown area; promote development of public facilities and infrastructure that serve the downtown area, support Downtown San Diego as the centre for the arts and culture for the region, coordinate member efforts to improve downtown social services and outreach programs and educate San Diego communities about the importance of a vibrant and healthy downtown area.

Funding of Downtown San Diego Business Improvement District

Member businesses collectively raise more than \$1 million annually. The Partnership receives funds from property tax assessments on owners within the BID to administer the program. Many BIDs also receive additional funding through California State City grant programs and matching funds from the City. The City of San Diego is also allocating additional funding to many of the same projects which have been initiated within BIDs and has spent millions of dollars through extensive streetscape improvement and redevelopment projects. This constitutes an extraordinary return on investment for individual small businesses and the BIDs as a whole. Many of San Diego's BIDs receive funding from the City's Transient Occupancy Tax and from City parking meter revenues. Several of the BIDs also focus on special events to generate income, and secure corporate sponsorships for various projects, which helps to supplement business improvement projects.

4.9 Performance Measurement

State support for the upgrading of urban centres is generally underpinned by local economic development policy goals (Bartik, 2002). A wide variety of indicators are used to evaluate the effectiveness of programmes for the upgrading of urban centres.

- Public-private sector leverage ratios provide an indication of the ability of public funds to leverage private sector investment over time. The higher the ratio, the greater the impact of public monies in promoting private sector investment, the greater the perceived success of the programme.
- Private investment aggregate totals are used to measure the value of private sector investment and accordingly provide a barometer of business confidence.
- Public sector subsidy aggregate totals (whether in the form of direct subsidies or fiscal measures) are monitored to ensure a decline in public sector financial support over time as normal market conditions take hold.
- Increases in local land prices and rental values are often considered to be a measure of success although others argue that increased values have been artificially inflated through subsidies (Jones & Watkins, 1996). In all cases it should be borne in mind that property prices may be affected by broader economic conditions beyond the scope of local interventions. Property markets are particularly susceptible to downturns in economic cycles with the amplitude of property market cycles normally greater than macroeconomic cycles. This problem has been aptly demonstrated in the case of the Canary Wharf.
- A market for the resale/reletting of properties and a period of sustained market activity is an important indicator of the existence of a sustainable property market.
- The quantity of floor space developed through the project is often measured, but provides a relatively weak indicator of success as it focuses exclusively on the supply side of development, without taking broader market trends and demand-side issues into account. This could lead to substantial supply side overhangs. To balance the evaluation process, vacancy rates should likewise be monitored.
- Measures of increased business activity such as turnover and pedestrian traffic are commonly measured to demonstrate increased usage of space.
- The number of business start-ups or expansions may be measured, but this measure tends to be fairly complex and cumbersome as simple data sets are difficult to compile and changes are difficult to monitor over time.
- Aggregate number of jobs created and job growth are gathered in most cases but these measures often fail to disaggregate temporary and permanent jobs and often provide no indication of the quality of jobs provided.
- Value for money is often measured in terms of cost per job and provides an indication of the public benefit derived from funding allocations.

- Crime statistics should be monitored to evaluate the impact of public safety interventions.

Whilst the abovementioned indicators are useful, they constitute inadequate measures of the impact of policies on outcomes and ultimately ignore social equity questions. The evaluation process should rather determine the impact of the intervention on local economic outcomes and whilst these are easiest to evaluate in relation to the direct impacts on business activity, an increase in business activity does not automatically signify direct public benefits. The impact of programmes should accordingly only be assessed in terms of their ability to generate fiscal and employment benefits (Bartik 2001). An increase in business activity must provide fiscal benefits to government as increased business activity and spin-off effects result in increased net tax revenue. Conversely, increased business activity must generate employment benefits, and these should be targeted to and accessed by local residents for true benefits to accrue to local stakeholders.

4.10 Summary

The following table represents a checklist of the key issues which should be taken into consideration by urban renewal practitioners in the development of urban renewal programmes for urban centres:

| Aspect | |
|--------------------------|---|
| Causes of decline | <ul style="list-style-type: none"> • Economic restructuring • Political transition • Demographic shifts • Collapse of property markets • Cyclical trends • Global trends towards suburbanization • Development of secondary economic nodes • Promotion of home offices • Conversion of residential stock to home offices • Group Areas Act relocations • Development of informal sector: Street trading and taxi industry • Overcrowded and degraded residential stock • Shifting consumer patterns • Aging built form • Reduction in maintenance activities • Non-enforcement of bye-laws • Local government financial crisis • Decline of publicly-owned buildings • Urban lawlessness • Crime and perceptions of crime |
| Policy Objectives | <ul style="list-style-type: none"> • Restore the confidence of the private sector (both as producer and consumer) through the creation of a sustainable property market and restructure/diversify the local economy. |

| Aspect | |
|---|--|
| | <ul style="list-style-type: none"> • Promote economic growth, support fiscal base of local government and address social exclusion. |
| Project Selection Criteria | <ul style="list-style-type: none"> • Regional Economic Development Frameworks • City Development Strategies • Comprehensive spatial planning frameworks • Potential for decline/transformation • Leverage potential • Declining levels of investment • Linkages to key civic assets • |
| Menu of interventions | <ul style="list-style-type: none"> • Flagship and prestige projects • Support for key economic sectors • Supply side land assembly • Visible policing • Establishment of Policing partnerships • Installation of CCTV • Enhanced urban management • Bye-law enforcement • Enhanced Cleansing • Slums clearance • Establishment of Municipal Courts • Tax incentives • Rates Arrangements • Public transport facilities • Inter-modal transportation hubs • Public Trading markets • Enterprise zones • Place marketing |
| Typical Institutional arrangements | <ul style="list-style-type: none"> • Local government • Public-Private Partnerships and Joint Ventures • Regeneration Partnerships • Urban Development Corporations |
| Important Sources of Finance | <ul style="list-style-type: none"> • City Grants • Concessionary loans • Equity investment • Land allocations • Tax exemptions • Rates arrangements |

| Aspect | |
|---|--|
| Key Performance Measurement Instruments | <ul style="list-style-type: none"> • Leverage ratios (business investment: public investment) • Aggregate investment (public and private) • Increase in land and rental values • Establishment of market for resale and reletting of property • Vacancy rates • Quantity of floor space developed • Business activity measured through turnover • Increased pedestrian traffic • Business start ups and expansions • Aggregate number of jobs created • Cost per job • Fiscal benefits to local government • Crime statistics |

5 INFORMAL SETTLEMENT UPGRADING

5.1 Definition

Informal settlements generally take the form of spontaneous settlements without legal recognition or rights, sprawling at the edge of cities or on pockets of marginal land within city boundaries. Many settlements are more than fifty years old, whilst others are recent or are still growing. Residents may live in a permanent state of legal-social insecurity as they often live on land without the consent of the owners, are subject to threats of eviction and lack access to basic municipal services such as safe water, sanitation, solid waste collection and disposal, storm drainage, public transport, access roads and footpaths, street lighting and public telephones. This insecurity reduces the incentive for residents' to invest in the area and exacerbates social stress and exclusion.

Settlements are often located on marginal land subject to environmental degradation and hazard and the relatively unplanned nature, poor design and incremental growth of settlements complicates conventional service provision. Residents often lack basic educational qualifications and are typically dislocated from the surrounding labour market. Informal enterprises operated by residents are often themselves criminalized by municipal bye-laws and other restrictions. Residents also have a high risk of disease and mortality due to household poverty and the negative living environment. Residents have very limited access to social amenities including schools, clinics, welfare offices and other community facilities. Public open space is either entirely lacking or is unsafe and insufficient for community needs. The visible disparity between informal settlements and surrounding areas typically gives rise to social tensions and fuels crime. The abovementioned factors coalesce to create situations of extreme poverty and social and economic exclusion.

Notwithstanding these negative factors, many informal settlements are well located in relation to economic activities and accordingly provide affordable and flexible accommodation for poor households. Settlements have also been established through community/household initiative and have typically been developed through the application of fairly significant individual and household capital. The level of organisation required to achieve the establishment of these areas is also a valuable source of active social capital.

5.2 Context

The existence of and need for policy to address informal settlements is not restricted to a third world discourse, but has increasing international relevance as a result of deepening income disparities and social dislocation within and between societies. The forces which create informal settlements include increasing poverty and declining employment, urbanisation and natural population growth within cities and migration caused by economic disparities, war, ethnic conflict and natural disasters. The dominant official

Why focus on Informal Settlements?

Informal settlements are growing at an alarming rate throughout the world and are projected to double in 25 years (Cities Alliance, 2002). Urbanization pressures have given rise to the development of informal settlements in a variety of environments but the greatest spatial concentrations of the poor are found in urban centres and on peri-urban fringes of cities. More than 56% of the urban population in Africa lives in informal settlements (United National Millennium Development Goals, 2002) and residents of settlements constitute between 40-60 percent of the labor force in many cities.

response to poor people living in informal settlements has historically been hostile and this has often led to evictions and removals, often under the banner of "urban renewal". Residents generally find themselves facing formal and informal measures which deny them access to urban services, social amenities and political voice. It is this policy

and practice of social and political exclusion that has been, and continues to be, the single most important factor in the growth of informal settlements.

Many free-standing informal settlements in the South African arose during the 1970s and 1980's as a result of the collapse of **apartheid influx controls**. Many of these settlements were originally earmarked for demolition with a view to relocating residents to more peripheral sites. Community resistance to forced relocation resulted in the development of **strong community organisations**. By the mid-1980s the apartheid government had mainly abandoned its "black spot" removal policy and communities were generally left to their own devices, but without access to amenities. Population densities within informal settlements increased dramatically and the demand for accommodation led to the extensive development of **backyard shacks** for rental purposes within existing black formal residential areas.

During the period of political transition, **large population movements** were observed as South African citizens and immigrants from other parts of Africa sought to access the political, economic and social opportunities provided by cities. **Increased densities** within informal settlements and **rising rentals** within backyard shacks sparked the widespread **occupation of vacant public land**. These illegal occupations were often undertaken under the banner of political organisations and government generally lacked the **political will, administrative capacity** and **legal frameworks** to resist the illegal occupation of land.

Post-1994, the occupation of land was exacerbated by **high community expectations**, the **relatively slow pace of housing delivery** during the initial years and widespread allegations of corruption in the allocation of housing which undermined public confidence in **housing waiting lists**. This increased the rate and pace of illegal land occupations, which were increasingly organized by **commercial syndicates** for financial gain or local warlords. Whilst state resources were directed to the upgrade of pre-1994 settlements, settlements arising out of post-1994 occupation of land generally met with considerable **political/bureaucratic hostility** as these occupations were thought to undermine the state-managed housing delivery process.

The residents of informal settlements tended to be poor and the majority are unemployed. Informal settlements however **lacked basic social amenities** such as schools, clinics, community halls and recreational infrastructure, due to official government policies which precluded the construction of facilities on unproclaimed land. High levels of **functional and spatial illiteracy** restrict awareness of and access to **welfare support**. The informal nature of settlements and particularly the absence of formal, demarcated roads and access points created opportunities for the operation of illegal activities by **criminal syndicates**. The youthful, unemployed and male demographic profile of informal settlements has led to the emergence of gangs and high levels of **violent crime**. The extreme social conditions, high unemployment and the absence of social amenities exacerbated **social stress** which is often manifested in domestic violence, rape and child abuse.

The **explosion of crime** within informal settlements could not be addressed due to the institutional vacuum created by the lack of political will and absence of sufficient, effective and credible policing within informal settlements areas and physical design problems which exacerbate vulnerability to crime. Exclusion, unemployment and poverty have created environments in which residents have lost **their self esteem, pride and human dignity**.

5.3 Policy

5.3.1 International policy approaches

The international policy discourse on the upgrading of informal settlements increasingly links the concepts of urban poverty to the concepts of socio-economic and political exclusion. The illegal status, physical appearance and impoverished status of residents however create conditions which differ qualitatively from those found within exclusion areas. It also remains true that most settlements arise in the context of developing countries where institutional and financial constraints profound implications for the nature of interventions which are undertaken. It is therefore not possible to extrapolate policies and interventions which are applicable to exclusion areas to informal settlements without significant contextual adjustment.

Poverty and vulnerability in the urban context is linked to three distinct characteristics namely environmental hazard (stemming from high densities, hazardous location and exposure to pollution), commoditization (linked to the urban cash economy) and social fragmentation (including the loss of community and inter-household mechanisms for social security) (Moser, Gatehouse and Garcia, 1996). To address these vulnerabilities, the policy objectives of upgrading programmes generally seek to address poverty through the simultaneous initiation of three interlinked strategies:

- *Promoting health and safety:* Health and environmental problems linked to the absence of proper services in settlements can affect a whole city. Problems of inadequate water supply, sanitation, solid waste disposal, and storm water drainage, affect the urban poor first but also create negative spillovers beyond their boundaries including the deterioration of the groundwater table and the spread of disease. A key policy imperative upgrading is accordingly to provide a healthy and secure living environment.
- *Promoting economic development:* Unhealthy living conditions, lack of access to education, domestic and community violence decrease the productivity of the urban labor force and hence impede economic growth. Upgrading settlements by improving living conditions and human capital therefore ultimately supports a city's productivity and economic growth. Poverty reduction policies and programs also raise consumption, thereby boosting local economic development. The upgrading of informal settlements therefore not only makes a highly visible, immediate and large difference in the quality of life of the urban poor but also has a profound economic impact as the home is often most important productive asset of the poor (Cities Alliance, 2002). The investment in local public goods implicit in upgrading activities also catalyzes private investment by residents and accordingly contributes to

economic development. Many interventions within upgrading projects accordingly focus on employment and income generation as the most direct way of addressing poverty. These interventions address the income and consumption aspects of poverty, but also link to underlying issues of self esteem and social integration (Granada, undated).

- *Reducing social and economic inequality:* Social and economic inequalities, which are particularly apparent in urban areas and growing in many cities (Bump & Hentschel 1999) and which are manifested most strongly in the disparities between informal settlements and surrounding neighborhoods lead to social and political clashes. Poverty reduction tends to decrease inequality and social tensions. Material security remains a fundamental pre-requisite for social justice, community building and empowerment. Upgrading programmes accordingly typically include focus on both the development of social infrastructure, the introduction/enhancement of social service programmes and the development of social capital. These activities often seek to boost community ownership of assets in order to enhance the long-term sustainability of interventions.

5.3.2 South African policy approaches

Since 1994 in-situ upgrading activities have been initiated in informal settlements by various authorities in response to political imperatives to enhance the living environment of these key constituencies. The approach to upgrading is strongly differentiated between two approaches. In the first instance, projects for the upgrading of tenure, the installation of engineering services and the construction of houses have been initiated through Provincial Housing Departments in terms of the National Housing Subsidy Scheme. The housing specific nature and the absence of programmatic efforts to facilitate integrated development within these settlements preclude their analysis as urban renewal projects. Upgrading activities have also been undertaken as multi-sectoral projects which focused on the in-situ upgrading of long-standing informal settlements. For purposes of this document, attention is focused on these multi-faceted, multi-sectoral upgrading projects as a distinct arena for urban renewal.

Special integrated Presidential Projects (“SIPPs”) were identified by President Mandela in his State of the Nation Address to Parliament on 24 May 1994 as part of the

Policy Problem: Informal Settlements and Location

Location is an extremely important consideration has a substantial impact on the success of upgrading projects. One of the most difficult issues to be addressed within the South African context is the poor location of many informal settlements. The upgrading of these settlements addresses Constitutional imperatives but does little for the structure of South African cities which are already deeply dysfunctional. Whilst the failure to upgrade these settlements is socially and politically unpalatable, their upgrading will reinforce long-term spatial inequality, maintain social and economic exclusion and increase costs to all three tiers of government. This may likewise be considered a policy failure.

Projects which are well positioned within the structure of cities are able to take advantage of locational opportunities and may be the subject of rapid transformation. In international experience, some areas have been converted into shopping centres, offices and business spaces, high-rise apartments and middle-income housing, yet this was not the purpose of the upgrading of the informal settlements and the transformation has had exclusionary consequences (Firman, 1997). This may likewise constitute a policy failure although it is seldom acknowledged as such.

launch of delivery activities under the Reconstruction and Development Programme. Project areas included Katorus (East Rand), Duncan Village (East London), Ibhayi (Port Elizabeth), Botshabelo (Free State), Thabong (Free State), Integrated Serviced Land Project (Cape Flats) and Cato Manor (Durban). The programme was initiated from the RDP Office, but was later relocated to the Department of Housing.

The key policy objective of this programme was to:

- **Shift government spending priorities and resource utilization** within a highly volatile period of transformation. In particular, the SIPPs programmes were intended to shift expenditure

patterns, particularly within provincial and local government departments, to support poor communities. This process was typified by turf battles and contestations between national, vertical departments who resented the allocation of funding to special projects (particularly urban projects), and preferred to direct funding through vertically-orientated policies.

- Deliver **concrete benefits** to violence torn and crisis driven communities in major urban areas at an early stage (RDP White Paper, 1994). The demonstration of visible delivery was part of a broader political confidence-building exercise which sought to retain the value of existing capital assets and create new capital assets in impoverished areas. The imperatives for visible delivery impacted fundamentally on the nature of interventions which were subsequently undertaken as projects tended to focus on the upgrading of municipal engineering infrastructure and the

construction of social amenities were emphasized over “softer” economic and social programmes.

The SIPPs Programme was intended to continue for a period of 5 years and the programme was substantially completed by 2001. For a variety of reasons, the programme was discontinued at this point. In an effort to build upon the experience of the SIPPs, the National Department of Housing however established the **Human Settlements Redevelopment Programme** which continued to provide funding for projects which would assist to restructure the physical form of human settlements to address their underlying dysfunctionality. The scale of funding which was provided under the programme was however so limited that the fund itself became little more than a convenient source of funding small “nice-to-have” projects within housing project areas.

5.4 Project selection

The identification of SIPPs arose out of significant levels of bureaucratic activism in the early days of government. Whilst the criteria used for the selection of SIPPs were articulated in the RDP White Paper, some argue that the selection was essentially undertaken as a political process with subsequent technical retro-fitting against programme criteria. It however remains beyond question that the selected areas demonstrated significant infrastructural backlogs, met the stated criteria and were deserving of intervention. The transparency of the official selection criteria substantially boosted the legitimacy of selected projects, galvanized local political support and facilitated inter-governmental co-ordination.

In addition to the official selection criteria is it possible to discern particular areas of emphasis which impacted on project selection. Thus, it is clear that project selection was heavily influenced by police assessments of the causes of **political violence** in the run up to the 1994 elections. This criterion was particularly pertinent to the selection of the Katorus project. In most instances, work in respect of the selected projects had been initiated prior to the initiation of the SIPPs programme. These projects accordingly demonstrated high levels of **project readiness** and the provision of funding merely completed the final requirement for project implementation. This approach demonstrated a shrewd assessment of quick hits and provided the impetus for the selection of projects such as Duncan Village. The **political and social symbolism** of certain areas was not lost in the project selection process and was an important consideration in the selection of the iSLDP which focused on the upgrading of the Crossroads area in Cape Town.

Case Study 5: The Katorus Special Integrated Project

Project Background

The Katorus Area comprises of three historically black townships located east of Johannesburg and has an estimated population in excess of one million people. The formal areas were established in 1955 and had a density of 6 people per homestead and 2.3 shacks per formal dwelling. Unemployment was estimated at 70%, with many people living below the poverty datum line of R200-300 per month.

The area had been plagued by political unrest and violence and the area accounted for half of all violence in South Africa. From the political transition from 1990-1994, 3000 people died in political violence and the majority of these people came from the Katorus Area. The Katorus Special Integrated Project was initiated as a direct response to the unprecedented violence in the area, in an attempt to stabilize the area.

The Katorus Special Integrated Presidential Project

The Katorus Special Integrated Presidential project is one of the most comprehensive development projects ever undertaken in South Africa. The main objectives of the project were to:

- Establish a safe and secure environment where law and order is upheld by an effective police service
- Ensure the effective and on going provision of engineering services.
- Provide schools, libraries adult education and clinics compliant with national standards and recreational facilities within walking distance
- Provide housing with RDP for as many households as possible
- Provide access to safe and convenient public transport including rail, bus and taxis
- Ensure effective administration of Local Government Services with payments by residents of reasonable charges for acceptable services received
- Promote the development of formal and informal businesses.

Institutional Arrangements

When the project was started on February 1, 1994, the Katorus Task Group (KTG) was appointed by then President De Klerk to act as overall project managers. The KTG remained operative until mid-1995 when it was replaced by a consultant project management team. In 1995 a number of institutional arrangements were revised. The project manager reported to the MEC for Housing, linked to with three local governments involved in the area.

Project Delivery

The final report prepared by the project indicated that over 300 projects were implemented. The bulk of these projects fell under the following categories:

Security: Thirty-four security projects were undertaken including the establishment of an SOS Emergency Communication System; formal police stations and 23 satellite police stations were established; the Katorus Security and Protection Service was established and 700 people were employed locally as security personnel and more than 500 community constables participated in life skills programmes.

Housing: A total of 1850 violence-damaged houses had been repaired and 1642 had been handed back to owners who had been displaced. Six public sector hostels were upgraded and more than 12 500 new houses had been developed.

Social amenities: Over a hundred schools were repaired and upgraded and five new schools were built. Fifteen new clinics and three community health centres were built. A home based frail care centre was established, to provide services for the elderly people. Two social service centres were built to provide space for small businesses and welfare organization in the area. Eighty one youth organizations in Katorus received funding and support for their existing programmes. Eight fully equipped containers were purchased and several facilitators employed to provide literacy and numeracy training. Three sports stadiums an Olympic size pool and two libraries were built. Four cemeteries in the area were restored. There were 26 parks in the Katorus area that were upgraded. Six community halls were rehabilitated and 8900 trees were planted in schools and other public areas.

Conclusion

Despite the transitional phases of local governments, the slow housing delivery process and a scarcity of human resources, that the project faced, the Katorus project still maintained an overall success. The project has effectively prevented an urban war in the area, and provided the significant step towards 'normalising' the Katorus Area. Politically motivated crimes have been reduced, and people are generally free to move around the Katorus Area.

Several projects, including the Cato Manor project, were selected based on their significant potential to **optimize development opportunities** whilst projects such as the Molopo River Basin were selected largely in response to the need to ensure **geographic equity** in the spread of projects.

5.5 Legislative and Regulatory Environments

The decision to upgrade informal settlements is primarily a political one, requiring vision, commitment and leadership. Upgrading seldom requires the enactment of empowering legislation but may be derived from constitutionally enshrined rights of housing or judicial activism. Legislative and regulatory support may however be required to support key elements of upgrading programmes:

- **Planning systems:** The complex process of upgrading and the need to reduce displacement and enhance the affordability of interventions often necessitates deviation from formal, established planning norms and standards. This must be done in a way that does not detract from or undermine formal planning requirements. To address this problem, countries such as Brazil have introduced legislation to provide for the designation of intervention areas which permit the application of area specific rules to promote upgrading. Transportation planning has also been identified as an issue affected upgrading, as informal settlements are either located on land which is affected by roads servitudes which reflected the priorities of a by-gone era and fail to

Planning for Upgrading

In the South African context, the Development Facilitation Act established a fast-track mechanism for the upgrading of informal settlements but this provision has generally been ignored in the upgrading of settlements. Local authorities have tended to shy away from the DFA and have rather attempted to upgrade informal settlements through the application of their own municipal ordinances. This has led to the imposition of high standards which not only increase development costs but also undermine incremental processes. Alternatively, provincial governments have attempted to upgrade informal settlements using the Less Formal Townships Establishment Act which has been found to be a highly effective mechanism but this legislation has however not taken account of the provisions of the National Environmental Management Act and accordingly undermines long-term sustainability. At present, there is accordingly no simple, effective planning mechanism to support upgrading activities in informal settlements.

address new realities or are alternatively completely ignored by existing roads infrastructure.

- **Land markets and tenure:** The issue of land markets is by far the most pervasive and consistent obstacle to upgrading in the international context. The challenge takes a number of forms including the need to regularise the illegal status of settlements, the need to identify ownership rights to land and the need to make available sufficient quantities of well-located,

serviceable and affordable land to relieve pressure from overcrowded settlements. Control of land is often connected to political patronage and corruption, and this problem is exacerbated by administrative weakness and outdated cadastral systems. To address these problems, legislation is often required to create mechanisms to facilitate the regularization of tenure, to address dysfunctional land markets, to recognize informal/unregulated markets and to refashion outdated land delivery systems including the introduction of mechanisms for the granting of ownership rights on an individualized, collective or group basis through simplified mechanisms. Although individual tenure is well supported in South Africa, this tends to be both expensive and time consuming. Other forms of tenure are generally poorly supported.

- **Credit markets:** Financial depth and stability contribute to poverty reduction through growth and crisis prevention and the broad-based distribution of financial services enhances welfare and productivity as individuals can meet unusual or unexpected demands for income, or safeguard themselves against periods of low income or unexpected fluctuations in income. Access to savings and borrowings enable people to borrow when young to build human capital and to save for retirement. For

Credit and the Poor

Amongst the most significant challenges for national governments is the creation of conditions in which the private sector may provide credit to low-income households. The mortgage finance market is seldom an effective solution for the urban poor given the constraints of their physical and social environment. Micro-credit is increasingly recognized as a more effective mechanism for gearing funding and this may be linked to the initiation of savings schemes.

producers, access to credit for fixed or working capital enables an increase in production benefiting not only the producer but affecting economy-wide productivity, employment and growth. The lack of financing is a prominent constraint to the growth of small and medium-size enterprises. Low-income communities are however considered to be as inherently risky, with high transaction costs, small margins and low turnover. The

establishment of credit and savings schemes is often legislated (particularly in the case of compulsory savings schemes) and the institutional framework is generally established within a formal legal environment. Micro-credit in the South African context is undertaken within two distinct sectors. The formal, regulated sector is fairly sophisticated and is currently undergoing consolidation in an effort to enhance economies of scale and improve lending practices. This sector is regulated through usury restrictions and a self-regulatory framework which has been established to promote good conduct and practice. This has become necessary to curtail poor lending practices which have brought the sector into disrepute and which have given rise to huge financial losses. Substantial lending activity however continues to take

place outside the formal frameworks for micro-credit and this is often undertaken by stokvels, burial societies, township money-lenders and savings-based community organisations such as the Homeless People's Federation. Some pilot schemes have been initiated to test the ability of these institutions to provide micro credit, but these initiatives have not yet been scaled up into national programmes. The Department of Trade and Industry has likewise established institutions to provide wholesale finance for micro-credit for business purpose, but the absence of effective retail lending institutions has generally restricted the availability of business credit.

- **Housing Policy:** Household improvements are a feature of most upgrading projects. Within the South African context, housing has played a critical role in the SIPPs projects as one of the most important community demands. The National Housing Subsidy Scheme however tends to support greenfield housing projects to the detriment of upgrading projects. The key impediments to the application of the housing subsidy to upgrading of informal settlements include:
 - The individualization of the subsidy leads to the identification of qualifiers and non-qualifiers and the subsequent exclusion of non-qualifiers from subsidy support. This leads to perverse results in the context of area-based upgrading and generates high levels of social conflict and potential displacement.
 - The absence of clear and supported micro-credit, savings and sweat equity mechanisms. Existing mechanisms for beneficiary contributions are either widely disregarded or have alternatively become a block to project implementation.
 - The lack of effective institutional support for people's-driven housing processes. With severable notable exceptions, institutional support through the establishment of community-based housing support mechanisms is either absent or ineffectual.

These shortcomings must be addressed through the revision of the National Housing Subsidy Scheme. The National Building Regulations have also been identified as an impediment to upgrading in some instances as a result of the imposition of unrealistic standards and should be reviewed.

- **Engineering services:** The affordability of engineering infrastructure and the need to develop incremental engineering infrastructure typologies to enhance community choice over the nature and cost of infrastructure has been emphasized within international best practice. There has generally been a reluctance to experiment with incremental engineering infrastructure in South Africa as the approach smacks of former apartheid practices and is accordingly politically unpalatable in an

environment where cost considerations are not yet a high priority. The establishment of corporatized utilities within large cities has complicated the issue as these entities are increasingly reluctant to roll-out high quality but unaffordable services to poor communities but are equally unwilling to adopt incremental approaches, preferring instead to establish low-cost, household-level sanitation systems which are politically and environmentally unsustainable. The introduction of life-line indigency policies for municipal services has not resolved this problem as it requires fairly complex metering arrangements, household registration and normative residential environments which do not exist within informal settlements.

- **Environmental policy:** Informal settlements are often situated in areas which are subject of environmental hazards including landfill sites, mines and mine dumps, sewerage works which generate offensive smells, between busy roads which generate noise and air pollution and next to polluted water courses. Informal settlements themselves create environmental hazards as a result of the absence of water and sanitation systems, the failure to collect solid waste and the burning of fuels which create air pollution. The upgrading of settlements must address environmental factors to simultaneously ameliorate the impact of environmental pollution on residents and the impact of settlements on the environment. The nature of settlements may however require the establishment of measures to mitigate environmental impact on an incremental basis over time. Environmental legislation and regulations must accommodate this gradual process through the establishment of long-range environmental targets. The provision of the National Environmental Management Act, particularly the process for environmental impact assessment, has been identified as a constraint to the upgrading of informal settlements due to the imposition of high standards and unaffordable conditions.

5.6 Nature of Interventions

The upgrading of informal settlements typically includes a range of interventions which are structured across physical, economic, social and institutional spheres. The breadth of intervention is an acknowledgement of the complex array of factors which underpin urban poverty. Interventions often differ from those in exclusion areas in their attempt to engage and integrate informality and in their emphasis on pro-poor, community-led and self-help strategies. The RDP White Paper contained high-level prescriptions with regard to the nature of SIPP's interventions emphasizing the need for high visibility and impact whilst simultaneously ensuring empowerment and long-term sustainability. The following interventions are typically undertaken within the context of urban renewal projects:

The physical complexity of urban renewal projects typically necessitates the development of **planning frameworks**. The development of a planning framework is critical as it provides a guide for interventions and highlights connectivity considerations which are essential to the development of sustainable human settlements. This approach was followed with great success in the Cato Manor project. The preparation of project planning frameworks should be done in a manner which enhances community awareness and understanding of their own environment as well as the impact of development interventions as this will substantially enhance the sustainability of projects. The hazardous physical environment of informal settlements often requires the preparation of **environmental assessments** and **environmental management frameworks** which should be integrated into the overall planning framework to provide a basis for future mitigation activities. The effectiveness of these mitigation measures should be measured over time through the establishment of **environmental monitoring mechanisms**. High level planning frameworks may be telescoped down into **precinct or nodal plans**. This approach has led to the identification of nine distinct precincts within the Alexandra Renewal Project and precinct managers have been appointed to facilitate development activities within these precincts.

Security of tenure decreases the vulnerability of the poor as it provides huge citizenship gains and is often a precondition for the mobilization of private resources (Werlin, 1999). Many upgrading projects focus on the legalisation and regularisation of properties in situations of insecure or unclear tenure. This may require the updating of urban property cadastres and the establishment of simplified mechanisms for the registration of urban

Tenure and Land Restitution

In the South African context, tenure regularization is often tied to land restitution as the rights of dispossessed groups must be addressed before the rights of subsequent groups may be secured. This process can be time-consuming and complex and may be addressed through the award of compensation as was the case in Cato Manor or through the allocation of land and development rights.

property. Tenure is a complex issue and in many instances dispute resolution and mediation mechanisms will be required to resolve disputes. This led some projects, notably the Alexandra Renewal Project to prepare specific legislation to establish the administrative and framework for the determination of tenure rights. The range of tenure options should

generally extend beyond freehold title in order to accommodate complex built environments and inter-personal relationships.

Improving basic **engineering infrastructure** has a significant impact on the quality of life of residents and brings about important socio-attitudinal changes, improving the image of areas and integrating these areas into the social and political economy (Barrett A & Beardmore, 2000). Engineering interventions typically entail the provision or upgrading of basic municipal services including clean **water supply**, adequate **sewage**,

improvements to **streets**, footpaths and **storm water drainage**, enhanced **solid waste** management, street **lighting** and **electricity** to homes. Many projects seek to improve the accessibility of informal settlements through the construction of **link roads and bridges** and by enhancing **public transportation infrastructure**. The installation of engineering infrastructure in the context of the SIPPs has been found to be particularly effective as it restored dignity to residents through the provision of clean and healthy living environments. Engineering interventions must be however be designed in a manner which balance minimum standards and households affordability over time and this suggests the need for incremental approaches to the provision of engineering services.

The constraints of infrastructure

Infrastructure improvements will generally lead to an increase in land values and infrastructure improvements have a substantial impact on the quality of life of the poor. In practice, this can mean that rents in improved areas rise substantially in comparison with unimproved areas. In these circumstances, the displacement of households from improved areas may be inevitable and this gives rise to gentrification as households sell their rights to higher-income households. Whilst the poorest do benefit from improved infrastructure, it does not directly address their main concern for poverty alleviation which is the basic need for income for food, health and shelter (Barrett A & Beardmore, 2000). To keep upgrading costs down, development agencies often propose low standards of infrastructure. In these circumstances, and in the absence of effective maintenance, facilities rapidly deteriorate. This may undermine the long-term sustainability of projects.

Methodologies to achieve this goal appear to be somewhat limited in the South African context.

Internationally, many upgrading projects include incentives for **community maintenance and management** of infrastructure but this is a rarity in the South African context.

Women tend to be more affected by improvements on infrastructure than men as increased space allows for most home-based economic activity and lighting/road improvements increase mobility and security at night.

Housing projects have been a particularly visible feature of upgrading projects in South Africa and these projects are considered to have substantial social multiplier effects. The SIPP projects attempted to address project housing needs within the framework of the National Housing Strategy. This has resulted in the predominant delivery of RDP housing units in circumstances when more nuanced approaches to the development of housing might have created more sustainable human settlements. As a result, pressing housing needs such as the **upgrading of backyard accommodation**, the provision of affordable **medium-density rental housing stock** and community-based upgrading approaches were largely ignored in the SIPP projects. Where housing is approached inappropriately, it may have extremely negative implications including the creation and reinforcement of low income ghettos. It is accordingly important that the nature of **housing improvements** to be undertaken within informal settlements be approached

with flexibility. In some instances, governments have attempted to eradicate settlements through the development of **high rise accommodation**. These projects have often proved to be unsustainable due to the poor quality of initial construction, high operation costs and low affordability levels and have often become the sources of future decline. This approach is typified by the flatlands of the Western Cape. In some cases, informal settlements have been relocated to **site and service schemes** situated on the periphery of cities. This exacerbates social and economic exclusion and is typified by the development of Diepsloot. Since 1994, many informal settlements have been relocated to new **RDP housing projects**. These projects have likewise often been located at a considerable distance from the original settlements, away from economic opportunities and social amenities. As such, these projects tend to reinforce social and economic exclusion. In other cases, the built form of RDP projects (one stand, one house) has been inappropriate in the context of extreme densities and housing demand.

Upgrading and Relocation

Housing relocations are undertaken fairly often within the South African context with varying degrees of social, economic and political effectiveness. Legal frameworks exist to protect the rights of residents and impose substantial obligations on public authorities who seek to relocate households. There are however no programmes which provide guidance or support to public agencies to effect relocation activities in an appropriate manner through the creation of incentives for voluntary relocation, social support to relocated households or mediation mechanisms to address disputes.

More recently, upgrading practice has shifted towards the in situ redevelopment of informal settlements and housing interventions in this context tend to be strongly supportive of **self-help or supported incremental housing construction** by households or through co-operative community arrangements. The introduction of housing improvement programmes typically requires

flexibility in the application of building standards, construction material standards and codes. Where necessary, a **review of building regulations** should be undertaken to enhance flexibility and reduce construction costs without jeopardizing safety. Affordability constraints tend to pose a challenge to the development of a range of products as the development of unaffordable housing products may exacerbate dislocation and social tensions. Low income levels and an inability to access credit increase the vulnerability of the urban poor by constraining their ability to improve their homes. Upgrading typically requires the establishment of programmes to enhance access to **micro-credit** and other facilities including innovations such as community mortgage and financing programmes.

Small and micro-enterprises are the most important source of income and employment for the urban poor with a substantial share of the working population (sometimes as high as 50%), engaged in micro-enterprise activity. Economic development interventions

Case Study 6: The Mumbai Urban Transport Project and Community Partnerships

Project Background

Mumbai has a population of 11 million people. The sub-urban railway is a key aspect of the city as most commercial opportunities lie to the south whilst most of the population resides in the north of the city. As a result it is estimated that 7.4 million passenger trips are made daily by the majority of Mumbai's citizens. The areas alongside the railway tracks provide spaces where the majority of the city's poor reside. Approximately 24 000 families live on reserves adjacent to the railway lines and many of these families have lived alongside these tracks for more than two decades. In some instances, huts have been constructed less than a meter away from the train track. A number of fatal accidents have occurred and residents suffer perpetual anxiety for the well-being and safety of their families. The large numbers of dwellings has forced trains to reduce their speed and train drivers experience severe psychological distress as a result of the incessant accidents they witness. The communities living along side the railway tracks face daily struggles. There is an absence of basic amenities such as water, electricity and sanitation in the area. The provision of public toilets and bath houses is complicated by the location of the dwellings and central government was reluctant to legitimize the occupation of the land through the provision of amenities.

Housing relocations

In the late 1980's, the development of rail link between Mumbai and New Mumbai could not proceed as a result of the informal settlements. The Maharashtra Housing and Area Development Authority initially proposed the resettlement of the residents in walk-up apartments, but this was not affordable and the project stalled. The Railway Slum Dwellers Federation and the National Slums Dwellers Federation ("the NSDF") proposed that a piece of land be allocated to the families so that they could construct their own houses through loans received from the Housing and Urban Development Corporation. This led to the establishment of the Mumbai Urban Transport Project (MUTP I and MUTP II) for the resettlement of affected communities. Public land situated at Kanjur Marg, close to the railway line was identified as a relocation area. A sub-committee was established and included the NSDF which had previously conducted a baseline survey of communities and households affected by MUTP II in conjunction with the Society for the Promotion of Area Resource Centers (SPARC). The state authorities appointed SPARC as facilitator for the resettlement and rehabilitation programmes. The land was to be formally transferred to cooperative housing societies of slum dwellers when they were registered. The Mumbai Municipal Cooperation was to provide infrastructure for site development paid by the Indian Railways.

SPARC, together with the NSDF, the Railway Slum Dwellers Federation and Mahila Milan (a group of women's organizations which had come together around credit and savings activities) relocated the first 900 families who had grouped themselves into 27 housing cooperative societies. Eighty percent of the leadership was comprised of women who had been saving for several years to secure a down payment for their houses. By the time the relocation process was underway, each family had saved Rs. 3 500 – 5 000 as a down payment for housing loans of Rs 20 000. The 27 housing co-operatives were closely involved in the identification and development of the relocation site. Thus, the cooperatives decided on the size of the houses to be constructed, determined the loan amounts, the planning and design of infrastructure, the construction of community facilities, road networks, open spaces and building designs. Permanent structures consisting of 1 500 apartments of 23m2 were planned in four storey walk-ups for cooperative members, with 600 units being sold on the open market.

Conclusion

Over a period of one year, approximately 14479 households out of an affected 10933 have been successfully resettled. Of these, 6901 had been resettled in transit accommodation and 4032 had been accommodated in permanent dwelling units. Approximately 68 000 people benefited through the provision of secure housing, with access to basic amenities and sites for the reestablishment of 900 small businesses and the construction of the railway line to the benefit of 6 million rail commuters was able to proceed.

which focus on micro-enterprises are accordingly important and this aspect of informality must be addressed with care. Micro-enterprises may include production, retail and service components and may be undertaken in a variety of circumstances. Whilst many renewal programmes previously tended towards **hawker clearance**, more recent interventions have focused on the **construction of public trading markets**, often after discussions with hawkers on the location and features of these facilities.

Many business activities within informal settlements take the form of **home-based production and service activities**. Interventions often seek to enhance the effectiveness of these informal activities by facilitating the development of infrastructure which can increase efficiency and productivity such as water, sanitation, electricity and telecommunications infrastructure. Whilst the construction of public trading markets is a fairly common undertaking in the South African context, there are very few examples of support for home-based production activities.

Many upgrading projects provide for the establishment of **information and advice centres** or **one-stop-shops** to provide information and networks to micro-enterprises. (Urban and City Management Programme, 2002). Information is typically provided on business planning, marketing, legal aspects and taxation although information on public sector tenders may also be provided. The institutional arrangements underpinning information and advice centres are important design considerations as this may impact upon the sustainability of the intervention. Centres may be established by local government where there are the necessary skills and resources, or outside agencies may be brought in for this purpose.

In some instances, public authorities facilitate **training programmes for micro-enterprises** which seek to boost the sustainability and productivity of micro-enterprises in order to enhance their job creation potential. Other programmes seek to address economic duality by building **value-chain linkages** between formal and informal business. This often entails the development of formal and informal business networks and business mentoring (particularly within supplier linkages). **Broker and network agencies** may be developed by encouraging local people engaged in the same type of business to meet together to enable business development opportunities through joint marketing, inter-firm trade, increased buying-power and increased lobbying power.

The urban poor are generally unable to access traditional lending and investment institutions and access to **micro-finance** for the establishment of new businesses is accordingly critical. The actual provision of micro-finance is generally undertaken by specialist agencies as local authorities generally do not have the skills or experience to undertake this activity. In some instances, micro-finance schemes may however be actively facilitated by local authorities through the placement of funds with specialist

institutions to on-lend within a jointly developed programme. In other instances, local authorities merely facilitate and encourage the involvement of specialist public and private lending institutions. In the South African context there is a dearth of institutional capacity to provide this support.

Economic interventions often focus on investment in hard economic infrastructure which attempts to improve the built environment for businesses thereby making it more attractive for business retention and expansion. These interventions may include building and improving key **access roads**, **improving railway access** for passenger and goods services, the installation of crime **prevention equipment** and **establishing/improving telecommunication systems**.

Attracting new business

Attracting large manufacturing and service sector employers into communities is one of the most difficult, frustrating and riskiest of all economic development strategies (Urban and City Management Programme, 2002). The extensive competition which exists for this type of investment often causes communities to compromise their own priorities and offer massive, unsustainable incentives to attract investors. The benefits of success however include increased direct and indirect employment, skill development for residents and opportunities for local enterprises and the opening up of local land markets.

Business formalization

interventions are often undertaken through local business organisations and may be linked to the **review of business-related bye-laws** and regulations in order to reduce red-tape and facilitate a more accessible and appropriate regulatory system that does not unnecessarily impede the ability of the poor to generate livelihoods.

Public works programmes are often linked to interventions which directly promote **labour intensive construction**. Construction activities often require fairly low skilled labour and for this reason labour intensity within construction activities is often explicitly promoted within upgrading projects as an interim job-creation strategy. **Vocational training** for the poor in informal settlements is often undertaken, but needs to be carefully targeted as supply-driven programmes are particularly prone to capture by non-poor groups. Vocational training should be demand driven and should avoid gender stereotyping.

Basic institution building in the form of **local business and trade associations** can bring considerable benefits due to the ability of business associations to mobilize in their own interests but initial funding and capacity building support may be required and long-term funding for operations and maintenance should be secured up front.

A range of public safety interventions may be undertaken in the upgrading of informal settlements. High levels of crime often necessitate the construction of **police stations** and enhancements to **policing capacity** and the **community/police relationships**.

The emergence of municipal policing units linked to local government has necessitated the development of information sharing mechanisms between various public safety institutions. These initiatives typically focus on the integration of information systems and response units between the South African Police Service, municipal police units, emergency services and disaster management teams. The hazardous location of informal settlements may entail the development of **disaster management plans** and **emergency service** enhancement strategies. Public safety interventions have been found to be particularly effective within the South African context. Thus, the stabilization of Katorus transformed the areas from a war zone into a normal residential environment.

Education is an important input into an individual's earning potential. Education interventions within upgrading projects tend to focus on the **construction of pre-schools, schools** and **associated technical and recreational facilities** as these areas which often have substantial social infrastructure backlogs. Care must however be taken in the location of new social infrastructure as benefit-incidence studies have shown that a disproportionate share of the benefits of health and education programmes within upgrading projects tend to accrue to the non-poor often because the facilities are located closer to the non-poor and the non-poor have the resources to access the facilities. Interventions also seek to enhance the quality of teaching by enhancing **school management** and parental involvement. Schools play a critical role in preparing young people for the world of work and may be used as vehicles to provide programmes on **basic entrepreneurship education**, information technology and the development of **school-business linkages** may enhance the employability of school leavers. Schools can play an important role in promoting **adult literacy**.

The environmental conditions within informal settlements and the socio-economic status of residents provide a context in which the most disadvantaged suffer from the worst health. Residents themselves rank ill health as one of the key dimensions of poverty due to the link between illness, the high cost of health care and subsequent indebtedness. Many upgrading programmes accordingly focus on the **construction of clinics** which enhance the health status of communities and therefore the productivity of labour. **Health awareness** and **preventative programmes** are often targeted at schools and community resource centres. In recognition of public sector funding constraints, many upgrading projects introduce programmes for the development of **health volunteers**.

Social support programmes are often introduced to address issues of **gender awareness, social stress and trauma, security and violence** and **substance abuse**. **Subsidized nutritional programmes** are sometimes introduced but are seldom sustainable after the end of the project. Many projects make provision for the construction of **community halls** which are valuable facilities for private and public activities. Programmes are also introduced for the development and rehabilitation of

public open spaces and safe places for children to play, the development of **sporting infrastructure and programmes**, the restoration of **heritage facilities** and the initiation of **arts and culture programmes**. These facilities may however be prone to capture and maintenance can be a problem.

Social capital in the form of community and inter-household mechanisms for survival is often the least tangible but most essential asset of the poor and the development of social capital is essential to the sustainability of improvements (Barrett & Beardmore, 2000). The need for **community participation** is emphasized in upgrading projects and there is consensus that without substantial community support and initiative, upgrading is difficult if not impossible. Community co-operation is particularly important to resolve questions of tenure, mutual help, relocation, compensation, type or quality of services,

Participatory Poverty Assessment Processes

Many programmes are introduced to reduce inequality and address the specific needs of vulnerable groups. The initiation of participatory poverty assessment processes is an important mechanism leading to a range of urban poverty reduction initiatives through partnerships between local government, non-government organisations, community-based and other civil society organisations. These partnerships are intended to inform range and scope of interventions and may strengthen the capacity of agencies involved in the delivery of poverty reducing services. In practice, participatory poverty assessment processes may build significant social capital and may be a powerful mobilizing tool if done in co-operation with local organisations.

charges and enforcement. Community participation is understood as an active process by which beneficiary groups influence the direction and execution of a project with a view to enhancing their own well being in terms of income, personal growth, self reliance or other values they cherish. In some instances, community participation may include to direct involvement in the conception, development, financing, upgrading and maintenance of infrastructure and services.

Community participation is however not without difficulties. In practice, there are often deep-rooted divisions preventing effective community participation. The lack of education among residents complicates these divisions and political unrest and economic hardship may intensify them. Community institutions may also be co-opted or dominated by individuals, completely dormant or dynamic open and democratic. In some instances, these institutions become more adept at mediating the delivery of inputs than the articulation of demands. A participatory approach may be undermined where government institutions have rigid and hierarchical management structures and lack experience with participatory techniques and methodologies (Barrett & Beardmore, 2000).

The importance of community participation is stressed within the RDP White Paper. A similar emphasis has been placed on the need for community participation in respect of

URP projects. Mechanisms to boost community participation and communication include the appointment of **community liaison officers**, regular **community meetings** to report on project progress, the development of a **project newsletter** and the utilization of **community radio** as vehicles for communication. Project-level interventions to support community participation may also include measures to facilitate and strengthen the **organizational capacity of community groups** including the provision of funding and capacity building support.

The ability of local government to sustain and maintain upgrading investments is a major consideration and many projects have included programmes to enhance the capacity of local government. In the first instance, support is provided to facilitate financial reform including enhanced **revenue generation**, the establishment of **municipal appraisal systems**, the **upgrading of public records**, enhanced **financial systems**, building **project management** skills, enhanced **service delivery processes** and the maintenance of public assets. Many interventions focus on enhancements to **municipal governance** systems and include the establishment of **complaint centres** and **programmes to enhance responsiveness to complaints**. The upgrading of informal settlements requires an active engagement with the economics of informality which is often beyond the experience of government officials. Many interventions accordingly focus on the development of appropriate **land use planning and engineering competencies** within local government.

5.7 Institutional Arrangements

Integrated upgrading projects generally consist of physical, social, economic, institutional and environmental improvements undertaken co-operatively and locally and a variety of institutional arrangements may be initiated to support the process. The institutional arrangements underpinning urban renewal projects in South Africa reflect both the state of flux and diversity of institutional relationships in South Africa. The SIPPs projects were undertaken within a complex division of labour between vertical divisions of government (especially national departments) and horizontal divisions (provincial and local governments). During the implementation of the SIPPs programme, many government institutions were themselves either being established or were undergoing profound reorganisation and in many cases both processes were being undertaken simultaneously (RDP White Paper, 1994). This institutional reality gave rise to complex and somewhat contorted institutional mechanisms for the implementation of the SIPPs projects. It is generally accepted that successful renewal projects require the combined support and resources of a range of stakeholders. The relationship between the state and civil society however remains contested and this leads to differing and in some cases tortuous institutional arrangements to accommodate community participation.

The role of government in the upgrading of informal settlements is often premised upon the practical complexities of upgrading projects which are deemed to require a powerful, humanistic bureaucracy to succeed (Werlin, 1999). This is particularly true where interventions require the purchase of land, the resolution of tenure disputes and the establishment of bulk infrastructure. Upgrading projects are generally most appropriately undertaken by local government as opposed to provincial, regional or national tiers of government. **National government** however remains a critical partner in upgrading programmes which often require the development of supportive policies and programmes in the realm of national competencies.

At the outset, the tone of the RDP White Paper and the attitude of the RDP Office itself were somewhat ambivalent to **provincial government**. The RDP Office was of the view that Provincial Governments could only receive responsibilities for RDP-related functions once National Government was satisfied that adequate capacity exists to undertake these responsibilities (RDP White Paper, 1994). In most instances, provincial government was only considered a potential vehicle for urban renewal in instances of local government failure. Despite this relatively lukewarm attitude, provincial governments played a significant role in the implementation of the SIPP projects. Serious problems arose in the handover stages of projects as newly established local authorities were reluctant to take over the maintenance and operation of projects. This problem particularly affected the iSLDP project in the Western Cape where significant disputes arose with regard to service and housing standards.

Decentralization processes have tended to reinforce the role of **local government** as the lead implementing agency for upgrading activities (Cities Alliance, 2002). The SIPP programme recognised the essential role of legitimate local government in the delivery of basic services, managing local economic development and redistributing public resources. At the time of the initiation of the SIPP projects, it was however acknowledged that local government lacked both the legitimacy and the capacity to implement projects in some instances. The SIPP projects were accordingly intended to spark a process of institutional change whilst simultaneously delivering key infrastructure to meet basic needs. It was however acknowledge that local government did not in all cases have the necessary project management capacity to implement urban renewal projects. In order to address capacity constraints, many SIPP projects (notably Katorus, the iSLDP and Duncan Village) accordingly brought in **private sector project management capacity** through the appointment of consultant consortia. The appointment of private sector capacity under the management of a dedicated public sector programme manager proved to be a highly successful arrangement as it promoted rapid delivery and ensured that projects had the necessary expertise and capacity for implementation without unnecessarily ballooning local bureaucracies. This model has however been criticized in cases where little no skills transfer took place to

local government officials, and where the institutional memory of the projects was subsequently lost.

Over the years, **special purpose implementation units** have been established for many large upgrading projects to manage project implementation. These units may take a number of forms. **Corporatized government vehicles** have often proved to be very successful and efficient and an excellent local example is the Cato Manor Development Agency, a Section 21 company, which was established specifically to implement the Cato Manor project. (See: Case Study 7) The focus, flexibility and autonomy of these vehicles provide a strong rationale for their success. Special purpose implementation units are however not without controversy, primarily because of their contested relationship with government departments. Internationally, the closure of special purpose implementation units upon the completion of projects has created problems as administrative capacity to sustain the upgrading efforts had not been developed within local government and handover processes were often marred by disputes regarding standards and maintenance obligations (OED, 1994).

The sheer scale of urbanisation pressure and the lack of funding for the upgrading of informal settlements poses a challenge to government involvement in the upgrading of all informal settlements. As a result of privatization, local authorities are furthermore increasingly shifting the delivery of basic services over to private companies who are often unwilling or unable to roll out new services to informal settlements. These processes ultimately preclude the residents of settlements from access to basic services. Internationally, the reality of public sector constraints and withdrawal has meant that the primary engines of growth within the "informal city" have shifted to people-led development processes, rather than public interventions or private investment. Views which support "development from below" and **community-led upgrading** adopt a benevolent view of communities and a favourable view of participatory and humanistic management. From this perspective, residents demonstrate great organisational skill and have the ability to upgrade their own environments and government should play a supportive role to expand upon these human aspirations and the efforts of bureaucracies (local or otherwise) to organize and control the lives of residents is firmly rejected. This position appears, at first blush to be somewhat hostile to government involvement in the upgrading of informal settlements. Over the past two decades there has however been a gradual shift towards increased partnership as many community organisation and non-government organisations have recognized that where government controls most of the resources for development and communities are relatively weak, support from local government is essential. Likewise, governments increasingly acknowledge the importance of community participation and control in order to ensure the long-term sustainability of projects.

Case Study 7: Cato Manor Development Project

Project Background

The Cato Manor Area covers 2000 hectares of urban land, 5km from the centre of Durban. During the early 1900's Asian market gardeners owned plots of land in the area and began to sub-let to African people living in shack housing. The area became a melting pot of races. Between the period from 1960 and 1968, Cato Manor residents were evicted under the Group Areas Act. The area was vacant until in 1980's when some areas of Indian housing were developed in Wiggins. A proposal was developed in the beginning of 1990 to develop low-cost housing in Cato Crest adjoining the Wiggins area, which received strong opposition from existing residents. A number of mass land invasions took place in the area thereafter. The Cato Manor Development Project was started in the early 1990's as a response to a number of housing and developmental needs in the area; moreover the complex history of Cato Manor presented multiple challenges and opportunities for the development in the area.

Institutional Arrangements: The Role of Development Agency

The Cato Manor Development Agency ("CMDA") had been established as a non-profit area based development agency in 1993. The mission of the CMDA was to ensure that Cato Manor is developed into a holistic and sustainable, quality urban environment that promotes generation and redistribution of economic opportunities, builds local capacity and improves the standard of living of the poor. After its designation as a SIPP, the CMDA reported to the Provincial Special Projects Committee. A restructuring of institutional arrangements took place in 1997, the CMDA now became answerable to The Metropolitan Special Presidential Committee (MSPPC) comprising of mayors, MEC's, local council representatives and representatives from the National Department of Housing and the European Union. The CMDA was directly responsible for the formulation of policies specific to the development of the area, the identification and programming of the resources necessary to implement the development, the mobilization of public and private sector agencies with capacity to implement it and the establishment of information systems to monitor the process. A monitoring and evaluation system was set up by the CMDA to report on the progress of the project.

Whilst highlighting the symbolic importance of the area to the people of Durban, the project business plan outlined the objectives of the project to include the provision of affordable housing and jobs, the creation of a more compact city, the promotion of holistic development in Cato Manor in order to promote integration, the opportunity to demonstrate a new era of political compromise and importantly, the opportunity to demonstrate a "new approach for institutional structures in large scale development projects". The business plan emphasized the meeting of basic needs, redressing the ills of the past both spatially and socio-economically, and the process itself was seen as an attempt to empower people involved in the project.

CMDA has contributed to the delivery of a considerable amount of physical infrastructure. By March 2000 there were 56 infrastructure projects on the book, with 37 in progress and been completed by that date. Human resource development in programmes such as home ownership, literacy and numeracy, construction and urban agriculture reached approximately **6 630 people**. The delivery of housing was to be facilitated by the national housing subsidy scheme and by March 2000, **2833 houses** and **4351 sites** had been completed. **Four parks** have been delivered and 11 are still in the pipeline. The project has led to a functioning and integrated transportation system in the area. The CMDA went to great lengths to settle land claims in the area thereby stabilizing political and social conflicts in the area. The role of the CMDA in the area has shown a high level of success given the complexity of the Cato Manor area. The outcomes of the project went a considerable way in satisfying the urban renewal goals set out initially in the Reconstruction and Development Programme.

the housing environment in response to the re-orientation of housing policy towards a people's driven housing process.

Many commentators have reflected upon the need to combine development from above with development from below through the establishment of **multi-sectoral partnerships** (Werlin, 1999). In some instances, very complex institutional frameworks have been developed with a range of institutions actively involved in the upgrading programme. These might include housing banks, municipal finance authorities, universities, union pension and provident funds, municipalities, non-government organisations and community-based organisations. These partnerships can work provided that the institutional arrangements are well structured and roles and responsibilities are clearly articulated.

5.8 Financial Arrangements

Where informal settlements house a sizeable number of the population, public authorities are increasingly required to leverage non-public sector financial resources for upgrading projects. The financing for upgrading accordingly increasingly comes from a combination of sources including the national fiscus, provincial and local government contributions, beneficiary contributions, credit provided by the private sector and donor funding.

5.8.1 Government funding contributions

In order to establish effective urban renewal programmes, **national governments** typically provide a long-term political vision for upgrading and underwrite their commitment with predictable and sustainable budgetary allocations. While there are widely differing approaches to the method of providing financial assistance to support upgrading, national governments typically make the most substantial financial contribution. In some instances, government may seek to recover this contribution (in whole or in part) from recipient communities but in other cases, governments regard the upgrading of infrastructure as a public good, and recover the capital cost from the general tax base.

Within the South African context, the SIPPs Programme was intended to encourage expenditure and budgetary reform whilst promoting rapid delivery. Thus, the RDP White Paper provides that "Government is committed to financing the RDP primarily through restructuring the national, provincial and local government budgets to shift spending, programmes and activities to meet RDP priorities" (RDP White Paper, 1994). This led to the establishment of the **RDP Fund** which was administered by the Ministry of Finance although funding allocations were controlled by the Minister without Portfolio. The RDP

Fund was intended to support the key programmes of the RDP, to leverage budgets to new priorities, to encourage institutional reform and to facilitate the restructuring of the

The RDP Fund and the Politics of Budgeting

The total funding for SIPPs from the RDP Fund was approximately R1.8 billion (Napier & Rust, 2002) and consisted of funds which have been removed from departmental allocations and which could be reassigned subject to demonstrated compliance with new priorities. This mechanism implicitly placed the RDP office in an oversight relationship to other departments. This was deeply resented by the majority of departments and created serious institutional tensions, finger-pointing over allocations, over-expenditure and under-expenditure. The establishment of the RDP Fund also unintentionally created massive funding expectations, with local communities preparing their own RDP programmes for funding through the RDP Fund. This approach ran counter to the intended reprioritization of funding in practice; existing budgets and priorities remained unchanged as attention was focused on accessing funding from the RDP Fund. In other cases, the RDP fund incentive was simply ignored as local authorities proceeded with business as usual.

public sector. In particular, the RDP Fund was intended to direct expenditure away from consumption spending, towards capital investment. Implicitly therefore was the concept of the use of funding as an incentive for transformation.

The **Human Settlements Redevelopment Grant** was established in the wake of the RDP Fund and was administered by the National Department of Housing. Funding was allocated to projects identified through provincial housing departments

supported by business plans. A number of factors have contributed to the relatively limited impact of this grant including unclear project selection criteria and the slow rate of project approval. The value of allocations was so small that the strategic focus of the fund was undermined. As a result, this fund appears to be increasingly targeted for inclusion within the proposed municipal infrastructure grant. The Human Settlements Grant has however made an important contribution to the implementation of the URP insofar as many URP projects have utilized Human Settlement Grants to finance the preparation of business plans and the direct implementation of selected projects.

The role of **provincial government** in the implementation of the SIPPs projects was largely co-incidental and no direct requirement was placed on provincial government to provide funding for the implementation of SIPPs projects. The SIPPs projects were however required to gear their funds against funding contributions from government departments, the private sector and donor organisations. In this context, significant gearing was achieved as a result of funding contributions from provincial housing departments.

There is substantial consensus that **local government counter-funding** should be required in order to reinforce their involvement and partnership in upgrading programmes. This is premised upon the understanding that local government is a major

beneficiary of upgrading linked to the urban efficiencies which arise out of improved public infrastructure, enhanced revenue-generating activities and a more productive labour force. This clearly pre-supposes that local government is involved in the prioritization and selection of projects. Under the SIPP's programme, local government was required to provide counter-funding for projects and in some instances, local government contributions constituted approximately 20-25% of the total cost of upgrading. The provision of counter-funding was however not uniform and in most instances fell substantially below requirements without any form of sanction.

5.8.2 Non-government funding contributions

Governments are increasingly viewing residents themselves as a resource and potential financial partner. In some instances, poor communities have successfully demonstrated their ability to mobilize people and resources through **voluntary savings and credit schemes** managed by communities themselves. In many of these examples, the active role for women in the development of upgrading programmes has been emphasized. In other instances, **compulsory national savings schemes** have been introduced as part of the eligibility criteria for access to grant and loan funding. Savings-linked programmes may however exclude the poorest groups who are unable to save sufficiently for access to upgrading programmes. In these instances, innovative schemes for the recognition and monetization of **sweat equity** may be introduced. This aspect of upgrading is virtually unknown in the South African context. Recent attempts by the National Department of Housing to introduce **beneficiary contributions** have met with resistance from provincial housing departments, local authorities and beneficiaries themselves. In some cases, administrative loopholes and financial engineering has been undertaken to proceed with projects, but in many cases the delivery of houses has simply ground to a halt. This has generally not impacted on the development or upgrading of engineering infrastructure within informal settlements as residents are only required to contribute towards the construction of the housing unit, not the underlying infrastructure.

Low-income communities continue to be regarded as inherently risky, with high transaction costs, small margins and low turnover and **private sector involvement** is constrained by this risk-assessment. The specific requirements of the market are often not well understood and focus on the development of **mortgage markets** often fail as a solution for the urban poor. City and national governments must create the conditions in which the private sector may assume a part of the cost and risk of development. Private sector finance may be facilitated through a variety of mechanisms including the international provision of partial guarantees and the establishment of **micro-credit** schemes. The provision of housing finance within the South African context remains a key government challenge. The key focus of policy development is on broadening access to mortgage finance for the top end of the low-income market which accounts for

approximately 20% of the total population. This is to be achieved through the enactment of Community Reinvestment style legislation. This mechanism is most likely to route funding to social housing institutions and is unlikely to reach low-income households in

Upgrading and Donor Funding

Within the international context, the lack of financial resources within many developed countries has meant that donor funding often forms a substantial component of the funding available for upgrading projects. The South African situation is somewhat different and donor funding is a relatively small but significant component of the overall funding which has been allocated towards the upgrading of informal settlements. Thus, donor funding from the European Union was key to the Cato Manor project and SIDA funds were used extensively in the Eastern Cape. The availability of donor funding is closely linked to country strategies which tend to prioritize particular provinces, names KwaZulu Natal, the Eastern Cape and Northern Province. This substantially restricts the availability of donor funding in other provinces. The limited focus on donor funding may be linked to the existing of relatively substantial funds for housing purposes in the South African environment. In some instances however, international risk-abatement mechanisms appear to be underutilized due to a lack of knowledge on the part of South African organisations.

informal settlements. Affordable individual micro-credit for housing purposes remains relatively limited as private sector micro-finance tends to be unaffordable and no state-initiated lending schemes have been established. Increasing levels of regulation and poor lending practices in the past is driving consolidation within the micro-lending sector and this is increasingly restricting consumer choice. Despite these constraints, some innovative schemes are however being developed to link savings, loans and subsidies but these are in

their infancy. Thus, NURCHA recently launched a savings-linked product, but this programme is not yet at scale and has experienced significant teething problems.

5.9 Performance Measurement

Income or consumption are the most frequently used proxies used to measure poverty and money-based poverty definitions and assessments provide a standard scale for the comparison of different population groups. The simplest approach to measuring poverty rates has been to identify the number of households living below a poverty line defined by the expenditure required by an average household to meet a specified minimum nutritional norm measure in terms of calories (Barrett & Beardmore, 2000). Whilst this approach is relatively simple, it tends to focus on the poor as a passive group, ignores income in kind and fails to focus on neighbourhood and environmental aspects of poverty. It is therefore important that measures of consumption expenditure should be linked to indicators which measures non-monetary dimensions of poverty. The following non-monetary measures are frequently used:

- Disease: Decline in waterborne diseases

- Water: Households having access to “improved” drinking water sources (MDG, 2002)
- Sanitation: Access to improved sanitation facilities (MDG, 2002)
- Electricity: Number of households with access to electricity.
- Tenure: Number of households with secure tenure (ownership or other) (MDG, 2002)
- Housing: Number of households re-housed and the quality of housing improvements
- Leverage ratios: Ratio of household investment to state investment in home improvement
- Increased number of business opportunities and number of jobs created
- Increased number of social and recreational facilities.
- Family stability and community cohesion
- Infant mortality rates
- Crime rates

A number of measures have been developed to measure the sustainability of upgrading projects. These include the willingness and ability of residents to pay for services as demonstrated by increased local government revenues; the willingness and ability of government agencies to maintain and operate public infrastructure developed through upgrading projects and the environmental impact of upgrading projects. It should be noted that some indicators could reflect either success or failure depending upon your perspective. Thus, for example, increased property values could suggest the emergence of normalized land markets and increased access to credit. Alternatively increased values could be caused by the cashing out of property, downward raiding and speculation and ultimately continued social exclusion.

5.10 Summary

The following table represents a checklist of the key issues which should be taken into consideration by urban renewal practitioners in the development of urban renewal programmes for informal settlements:

| Aspect | |
|--------------------------|---|
| Causes of decline | <ul style="list-style-type: none"> • Urbanisation and natural population growth • Immigration linked to wars and natural disasters • Economic restructuring • Increased poverty and declining employment • Illegality and tenure insecurity • Administrative neglect • Lack of political will • Apartheid influx controls and community resistance • Increased densities within informal settlements • Rising rentals within backyard shacks • Community expectations and loss of confidence in housing delivery and |

| Aspect | | |
|---|---|--|
| | <ul style="list-style-type: none"> • allocation • Illegal occupation of vacant public land • Political and bureaucratic hostility • Land use changes in small holding areas and shack farming • Absence of urban management and municipal infrastructure • Absence of social amenities • Inability to access social welfare support • Crime linked to criminal syndicates, youthful demographic profile and social stress • Household poverty and inability to access credit • Loss of self esteem, pride and human dignity | |
| Policy Objectives | <ul style="list-style-type: none"> • Address poverty and vulnerability by promoting health and safety, economic development and reducing social and economic inequality. • Shift government spending priorities and resource utilization and facilitate institutional reform whilst delivering concrete benefits to communities. • Promote institutional reform through intergovernmental co-ordination in terms of integrated development plans, whilst promoting visible delivery. | |
| Legislative and regulatory environment | <ul style="list-style-type: none"> • Review of planning legislation to facilitate upgrading • Legislative reform in respect of land markets to enhance tenure security • Legislative/institutional reform to facilitate access to micro-credit for business and residential purposes • Legislative/institutional reform to support savings • Legislative reform in respect of housing policy to support incremental housing • Review of engineering standards to facilitate incremental approaches • Legislative reform in respect of environmental policy | |
| Project Selection | <ul style="list-style-type: none"> • Political violence • Project readiness • Political and social symbolism • Optimize development opportunities • Geographic equity • Integrated development plans | |
| Menu of interventions | <p><u>Infrastructure Focused</u></p> <ul style="list-style-type: none"> • Planning frameworks and precinct or nodal plans • Environmental assessments and environmental management frameworks • Engineering infrastructure (water, sewerage, storm water, solid waste, street lighting, electricity) • Public transportation infrastructure • Link roads/bridges • High-rise accommodation, site and service schemes, RDP houses and medium-density housing, single-sex hostels and backyard accommodation) • Construction of public trading markets • Access roads and railway access • Review of business-related by-laws | <p><u>Institution/People Focused</u></p> <ul style="list-style-type: none"> • Environmental monitoring mechanism • Security of tenure • Land restitution • Housing relocations • Review of building regulations • Supported incremental housing • Housing micro-credit • Hawker clearance • Support for home-based production • Business information and advice centres • Training programmes for micro-enterprises • Building Value-chain linkages • Broker and network agencies • Micro-credit for business • Enhancements to policing capacity • Building community/police |

| Aspect | | |
|---|---|---|
| | <ul style="list-style-type: none"> • Labour intensive construction • Construction of police stations • Construction of pre-schools, schools and associated technical and recreational facilities • Construction of clinics • Construction of community halls • Development of public open spaces • Development of sporting infrastructure • Restoration of heritage facilities/sites • | <ul style="list-style-type: none"> relationships • Crime prevention through CCTV • Business formalization • Establishing/improving telecommunication systems • Vocational training and life skills • Support for local business and trade associations • Disaster management plans and emergency service enhancements • School management enhancements • Parental involvement programmes • School based entrepreneurship education • Development of school-business linkages • Adult literacy • Health awareness programmes • Health volunteers • Participatory poverty assessments • Gender awareness programmes • Social stress and trauma programmes • Substance abuse programmes • Nutritional programmes • Development of sporting programmes • Arts and culture programmes • Project newsletter/ radio communication • Capacitation of community groups • Upgrading of local government records and valuation rolls • Upgrading financial management and billing systems • Local government project management capacity • Service delivery improvement programmes • Maintenance of public assets • Enhance local governance systems • Establishment of local government complaint centres • Land use planning and engineering capacitation |
| Typical Institutional arrangements | <ul style="list-style-type: none"> • Government-led upgrading: • National government policy support • Provincial Government programming • Local Government implementation: <ul style="list-style-type: none"> ○ Inter-governmental Partnerships | |

| Aspect | |
|--|--|
| | <ul style="list-style-type: none"> ○ Corporatized Government Units ○ Area-based management ○ Special Purpose vehicles • Multi-sectoral partnerships • Community-led Upgrading |
| Important sources of finance | <ul style="list-style-type: none"> • RDP Fund • Human Settlement Redevelopment Grants • Provincial government counter-funding • Local government counter-funding • Voluntary and compulsory savings • Sweat equity schemes • Beneficiary contributions • Micro-credit • Donor funding |
| Key Performance measurement instruments | <ul style="list-style-type: none"> • Decline in waterborne disease • Access to improved drinking water sources • Access to improved sanitation facilities • Access to electricity • Access to security of tenure • Households re-housed and quality of housing improvements • Leverage ratios (household investment: public investment) • Business opportunities and jobs created • Access to social and recreational facilities • Family stability and community cohesion • Infant mortality rates • Crime statistics • Willingness and ability to pay for services • Maintenance of public infrastructure • Increased property values |

6 EXCLUSION AREAS

6.1 Definition

Exclusion areas are typically residential areas which have fallen into decay. Exclusion areas have been divided into two categories for the purpose of this report, i.e. exclusion by design and exclusion as a result of decline which will be expanded upon in following paragraphs. These areas generally have good access to underlying municipal services but are often the remnants of poor quality public and private housing estates. Exclusion areas include well-located inner city high rise developments in which resident's trade-off housing amenity for convenience and access to services. Alternatively, exclusion zones may include terraced, detached or semi-detached housing on the periphery of cities. The housing is often of uniform design and this adds to the visual monotony of the areas. Residential properties with high rise developments occurring within exclusion areas are often overcrowded and buildings may be poorly maintained as a result of which they became of health and safety hazard. Exclusion areas often lack access to social amenities or, where these exist, they are often of poor quality. Social problems abound,

including alcoholism, drug abuse, teenage pregnancy and domestic violence. The image of exclusion areas is typically negative as a result of gangsterism and high rates of crime. These areas often become the focus of attention due to the fear that the degradation could spread to adjacent areas, exacerbating social conflict, crime and economic decline. Local authorities tend to experience a substantial loss of revenue in these areas both as a result of the non-payment of service charges, but also as a consequence of declining property values.

6.2 Context

Exclusion areas are not homogenous and may be differentiated by the relationship between residents and the sources of exclusion within various areas. Within the international arena, typical exclusion areas include South Central Los Angeles, Harlem in New York, South Shore in Chicago and the declining areas of Sheffield and Rotterdam. Within the South African context, exclusion areas arise out of a range of circumstances relating to the historical development of apartheid planning, urbanisation pressures and urban decline.

In the South African context, some areas have demonstrated dysfunctionality virtually

The long-term prospects for areas "Excluded by Design"

There is pressure to normalize areas which are affected by exclusion by decline as these areas house substantial portions of the South African population. These interventions are intended to restore equity and dignity in these areas. In many cases this leads to an emphasis on the construction of housing and social and economic infrastructure as a visual manifestation of "normality". The emphasis on infrastructure however ignores the profound ongoing underpinnings of exclusion within these environments. The distance of these areas from the main economic hubs of South African cities is likely to perpetuate the long-term economic exclusion of residents. The construction of housing and social infrastructure will not alleviate this situation and may ironically reinforce it. In these circumstances, more effective inclusion strategies may seek to boost the mobility of residents through enhanced public transportation linkages which facilitate access to urban centres and employment areas. Emphasis should also be placed on increasing the ability of residents to access employment by enhancing relevant skills which will ultimately enhance job mobility. These strategies may ultimately enable residents to move towards more well-located areas within the structure of South African cities.

from their inception as a result of a complex web of locational, design and institutional factors and have thus generated **exclusion by design**. Thus, as a result of apartheid planning, the urban poor were concentrated and housed in dormitory townships situated at a considerable distance from work opportunities. These areas tend to be typified by formal housing and high levels of engineering and social infrastructure but the absence of community ownership has led to extensive vandalism. Little attempt was made to establish economic activities or business nodes in these areas which were typified by

an absence of social infrastructure, quality public open space or recreational facilities. Public transport linkages between these areas, primary urban centres and key industrial areas were reasonable, but linkages to surrounding neighbourhoods are often extremely limited. This reflects the deliberate apartheid intention to channel employment, household expenditure and social interaction in a manner which reinforces racial, political and social exclusion. These areas often include traditional, relatively stable working-class areas with high rates of long-term unemployment often with a distinct sense of “community” but also a very sharp awareness of their separation from society. In some instances, the sense of “community” may be linked to a common history of resistance or relocation. Typical examples of this category of exclusion area would include Orange Farm in Johannesburg and Mitchell’s Plain in Cape Town. During the pre-1994 era, these areas fell under the control of racially-based local authority structures which lacked the resources to undertake basic maintenance. This situation was complicated by the collapse of these governance structures in the face of political resistance. Local government activities were destabilized and underlying infrastructure was extensively damaged in the process. Urban management activities, including land use control and bye-law enforcement became impossible and local authorities increasingly lost control over these areas leading to the proliferation of conflicting land uses, the construction of housing without building approvals and increased densities. This trend has been exacerbated during the post 1994-era by financial and capacity constraints within local government and the proliferation of RDP houses within and adjacent to these areas.

By contrast, other areas were originally well located in relation to work opportunities and were well served by social and economic amenities, but ***exclusion through decline*** has occurred due to a variety of physical, economic and social factors. Most inner city residential neighbourhoods were initially constructed for and occupied by white populations. These high density neighbourhoods were located in close proximity to important commercial areas and high value residential neighbourhoods and served an important role within the urban economy as accommodation for single people, newly established households and immigrant communities. By the 1980’s these aging housing environments required increasing levels of maintenance and levels of investment were already in decline. In the case of Hillbrow the first phase of demographic change began in the late 1980’s with the contravention of racial zoning laws by Coloured and Indians as they began to move into Hillbrow in order establish a foothold in the city. This process was the catalyst for profound demographic shifts during the early 1990s, as the original white populations abandoned these areas and were replaced by black residents. The occupation of inner city areas was thereafter driven by urbanisation pressures linked to the simultaneous movement of rural migrants and large immigrant communities. These areas often experience high levels of population turnover, lack “stability” and effective social formations and immigrants are often the subject of xenophobic attack. These new

residents had not previously been exposed to the requirements of dense city living and in many instances could not afford city amenities or residential rentals. This created a fertile environment for the overcrowding and abuse of residential accommodation.

Migration and Urban Renewal

The integration of immigrants within South African cities is a major challenge facing local government. The restrictive nature of SA immigration policy severely limits the status of illegal immigrants, creating a hostile social environment which is supportive of xenophobia. Illegal immigrants are not entitled to own property, cannot open bank accounts and parties who transact with illegal immigrants are subject to legal sanction. Despite the hostile regulatory environment, the ability to enforce immigration laws has led to a sharp and substantial increase in the number of illegal immigrants within South Africa. It appears highly unlikely that these immigrants will return to their land of origin and it is accordingly incumbent upon cities to devise strategies to take cognisance of the presence of illegal immigrants whose presence currently is not acknowledge or is criminalized. This situation hampers the ability of cities to engage positively with illegal immigrants in urban renewal processes and specifically reduces the incentives for immigrants to contribute to and invest in their living environment.

Property owners projected their fear of the unknown and racial bias into the management of residential properties by severely under-maintaining or abandoning their properties or by sub-letting buildings to slumlords. The failure of local government to maintain public infrastructure and a "free for all" attitude to the lack of maintenance, overcrowding and anti-social behaviour strongly underpinned decline. Physical and social amenities have declined over time due to lack of maintenance and economic opportunities have shifted away from these areas as a result of a mix of global and local factors.

The incipient nature of decline in

these areas threatens to spill-over into neighbouring areas and South African examples include Hillbrow/Yeoville/Bertrams in Johannesburg, Sunnyside in Pretoria and Sea Point in Cape Town.

6.3 Policy Objectives

6.3.1 International responses to exclusion

The majority of problems experienced by people living in exclusion areas have their origins in wider structural forces, political actions and institutional/organisational problems which area-based initiatives cannot solve. Area-based interventions are only successful when the area is located within and supported by, a broader policy matrix (Atkinson, 2000). More specifically, the problem of economic exclusion is rooted in the economic performance of cities, regions and nations. The effectiveness of solutions to the unemployment problem is accordingly severely constrained by macroeconomic forces (McGregor & McConnachie, 1995).

Throughout most of the industrial era there has been a tendency for the low-income and unemployed residents of cities to concentrate within specific neighbourhoods and this spatial concentration has grown over time (Green, 1994). The concept of the dual city and social segregation are commonly used to describe the polarization which increasingly affects cities.

Why focus on Exclusion Areas?

Exclusion areas are physical manifestations of social and economic inequality within cities which ultimately lead to social and political tension (Bump & Hentschel, 1999). The coexistence and close juxtaposition of intra-urban areas of employment growth and high incomes with other intra-urban zones of high unemployment, low incomes and high dependence on welfare benefits has become increasingly common (Atkinson, 2000). The fate of cities and the prospects for exclusion areas are linked as these areas create an economic drag holding back city development, creating negative images and weakening the quality of labour supply.

Residents in exclusion areas typically manifest low incomes but this is only one manifestation of their distress. The tendency for the poor to concentrate in poor quality private or social rented housing is inextricably linked to the shortage of local jobs, poor transport access to employment opportunities, the lack of

social networks to access information on available jobs, lack of educational qualifications and vocational skills among residents, the stigmatization of residents from affected areas and the development of cultures of poverty. The concept of social exclusion has emerged as a way of describe poverty-related problems arising out of fundamental changes in the nature of society including urbanisation, political and economic transition, unemployment and insecurity, social transformation and social disintegration. The concept of social exclusion also denotes a condition in which a number of citizenship-linked integration mechanisms break down, typically as a chain reaction (Atkinson, 2000). Social exclusion may be caused by distributional issues arising out of the way in which some parts of the population are denied access to social, economic and welfare support. Social exclusion may also be linked to relational problems which arise out of multi-dimensional patterns of disadvantage and vulnerability. Low self-esteem is one of the major consequences of economic and social exclusion and is one of the greatest barriers to reintegration. (McGregor A & McConnachie M 1995).

The object of policies which seek to address social exclusion is captured by the concept of integration which is comprised of a number of dimensions. Access to democratic and legal systems promotes civic integration, access to the labour market promotes economic integration, and access to welfare systems promotes social integration, whilst the family and community systems are critical components of interpersonal integration. Integration is to be achieved through the adoption of area-based multi-sectoral policies which seek to re-integrate these areas and their residents into the wider social,

economic and social fabric of the city. These interventions emphasize enhanced mobility and improved access to labour markets and social amenities and are typically focused upon individual or social formations such as the family or community organisations, in order to develop and deepen social and human capital. Whilst property owners may benefit from the redevelopment of derelict properties and through the reduction of negative encroachment, they are not intended to be the primary beneficiaries of the intervention in these areas. Local government typically benefits as a result of enhanced cost recovery within affected neighbourhoods, increased residential property taxes and the development of enhanced labour pool.

Work in Exclusion: Merely shifting the Problem?

One of the key problems of urban renewal in exclusion areas is that economic problems may be shifted to adjoining neighbourhoods and that these types of interventions often create competition between disadvantaged areas. (McGregor A, McConnachie M, 1995). The policies for reintegrating these low-income areas involve redistribution. Thus, where the pool of jobs is static or declining, breaking down barriers to integration dictates that unemployment will rise in other areas. This can potentially exacerbate tensions and divisions. This often dictates that interventions be undertaken within a broader, regional strategy, in order to manage the process effectively and fairly. Thus, if social and economic integration are to be successful, one of the ultimate aims must be to transcend localism and move towards a "community of communities" (Atkinson, 2000). This problem also reinforces the need to undertake urban renewal projects within the framework of a city development strategy.

Countries in transition are typically affected by high levels of crime, particularly violent crime (Schonteich & Louw, 2001). The physical form of exclusion areas and informal settlements in many instances exacerbated crime and fears of victimization. Undeveloped vacant land provides ideal opportunities for crimes such as rape, assault and robbery and the

non-existence or deterioration of roads makes it difficult for police to patrol areas or respond to calls for assistance (Kruger T, 2002). Many poor communities lack adequate communication technology infrastructure and this makes it difficult for police to respond timeously in case of emergency. Inter-modal transportation nodes and taxi facilities have often been poorly designed and danger is increased by violent disputes between rival taxi associations over territory. The proliferation of informal liquor outlets increases the vulnerability of residents as acts of violence are often committed in and around these places. The analysis of the physical underpinnings of crime has led to an increased emphasis on the potential to prevent crime through environmental design and many South African urban renewal interventions have their roots in the desire to prevent crime through environmental design interventions (Kruger T, 2002).

Initial studies have previously suggested that there is a strong link between immigrants and the process of decline. This was linked to the unskilled and newly urbanized nature of many immigrants. More recently, studies on the impact of immigrants on American

Case Study 8: Hadar Hacarmel in the centre of Haifa Capital in Israel

Project Background

Hadar Hacarmel was historically one of the most important neighbourhoods of Haifa. The construction of the town began in 1909 and in 1923 a layout plan was developed for the Hadar Hacarmel central area. The development in the area reached its peak in the 1960's. The area slowly began to deteriorate in the late 1960's as a result of the outward migration of the middle class populations to the new residential area on Mount Carmel. The commercial and entertainment functions could not compete with small business centre in surrounding neighbourhoods, especially from the increased development in the Bay Area of Haifa. However large public buildings still remained including the City Hall, Court and a few schools and museums. The centres of Tel Aviv and Jerusalem, the two largest cities of Israel, experienced gentrification in the mid 1980's, however the centre of Haifa the third largest city, continued to deteriorate. In 1983, Hadar Hacarmel had less than half its inhabitant in 1967. The depopulation was accompanied by an existing resident ageing population.

Urban Regeneration and Immigrant Communities

Since 1990, Israel and Haifa in particular have been attracting waves of immigrants from the former Soviet Union. The movement of immigrants settling in Hadar brought about major changes in the local housing market. It increased the number of apartments used for residential purposes, and it caused an escalation in the selling price of apartments and rentals in the area subsequently increased by 50%. Most immigrants lived in overcrowded rented rooms in poor condition. There was accordingly an increase in occupancy rates and rental increases, with little or no physical improvement in the housing stock.

Socio-demographic profiles of Russian immigrants in the Hadar Hacarmel Area

The majority of immigrants came from the European part of the Soviet Union. The majority of the new immigrants were adults from the ages of 25-44. The families were small with 1-2 children per family. Approximately 80% had above a high school education. Approximately 85% of the respondents of working age declared themselves to be an active part of the workforce. But of this workforce only half were employed at the time. There was a direct correlation between length of stay in Israel and employment, with a higher percentage of those who had been living in Israel for more than two years been employed.

A new course for urban renewal

With the new immigrant communities, there was a subsequent renewed vitality in the area. Childcare centres that had been empty were refilled with immigrant children, human traffic began to increase in the streets and pedestrian malls, criminal activity began to retreat as a result of intensified use of urban space. Social and cultural activities in local community centres began to increase. At the end of 1995, a local housing company Shikmona, owned by the municipality of Haifa and the Ministry of construction and Housing) commissioned a report to determine the feasibility of a regeneration plan for the area. It was found that whilst in 1992 only 8% of households owned apartments, by 1995 this figure had risen to 38%. Amongst heads of households, 66% were employed. A further 58% indicated that they wanted to stay in Hadar Hacarmel indefinitely. The survey included information on the condition of building in the area. 61% of buildings were in good or proper conditions, 36% were in a fair condition, and only 3% were in a bad condition. 8% of the buildings had been completely renovated, and 25% had been partly renovated. The area had also shown a marked presence of immigrants visible in streets and in parks, small businesses with Russian signage indicated the emergence of the small business sector in the area.

In the case of Hadar Hacarmel, the normative processes of urban regeneration such as public-private partnerships (associated with agreements between public sector state officials and private sector developers) or processes of gentrification were not at play. Instead a new form of urban renewal emerged, that of public-individual partnerships. Particularly in Hadar Hacarmel, previous stagnant housing market was enlarged when apartments were restored for their residential uses. The increased rental market in the area provided the impetus for individual local home owners to use their units for residential purposes. Hardly any new housing developments in the area were recorded but a third of the housing stock was subject to renovation. For all intensive purposes the movement of new immigrants into Hadar Hacarmel in the central area of Haifa has managed to halt urban decay in the area given the uniqueness of the ownership patterns that prevailed. The movement of immigrant communities into the area had sparked a process of urban renewal.

and Israeli cities have however concluded that immigrants support urban renewal processes. Immigrants may be urbanized, skilled workers who are often highly educated and the settlement of these immigrants in deteriorating areas has been found to have a positive impact on the area and contributes substantially towards its renewal (Carmon N, 1998).

6.3.2 South African Policy Responses to exclusion

Within the South African context, policy objectives for interventions within exclusion areas are often expressed by the “need improve the quality of life of ordinary people”. This approach is typified by the announcement of the Urban Renewal Programme in 2001. Areas which suffer from exclusion by design pose a huge challenge to the development of a well-functioning city and policy objectives in relation to these areas generally seek to integrate these neighbourhoods into the rest of the city and the urban economy. The inherent dysfunctionality of these areas is thus to be addressed by developing transportation links, improving access to social amenities and initiating interventions which either seek to build the local economy or enhance the mobility of residents to secure jobs elsewhere. Infrastructure improvements tend to focus on the repair/redevelopment/development of houses and flats and the rehabilitation/maintenance of existing engineering infrastructure. Some of these areas were affected by political violence and policy objectives seek to “normalize” these areas by reinstating the status quo prior to the political violence of the 1980s and 1990s. In areas which suffer exclusion as a result of decline, the process of decline is generally to be reversed by a range of interventions which seek to “get back to the basics” by upgrading or demolishing degraded housing stock and enforcing decent public and residential environments. The transient or marginal nature of populations within these areas tends to complicate economic interventions at the individual level.

The National Urban Renewal Programme (“**URP**”) was launched by President Mbeki in his February 2001 State of the Nation address and included nine communities housing more than 2.56 million people including Khayelitsha and Mitchell’s Plain (Western Cape); KwaMashu/Ntuzuma/Inanda (KwaZulu Natal); Mdantsane and Motherwell in the Eastern Cape; Alexandra in Gauteng, and Galeshewe in the Northern Cape. Institutional responsibility for the implementation of the programme was not determined at the outset and the Department of Provincial and Local Government only assumed responsibility for the programme at a later stage. Unlike the SIPPs, the URP projects were unfortunately not located within a clear policy or programmatic framework at the outset. This has led to the ex post facto development of a policy framework for the programme. In many instances the national policy objectives for urban renewal were ostensibly at odds with the expectations and objectives of the projects themselves. This has created

considerable institutional tension and confusion. The key policy objectives for the URP may be identified as follows:

- The URP has emphasized the need to use urban renewal as a mechanism for institutional reform. The SIPPs attempted to achieve this objective through the use of financial incentives to shift expenditure patterns and promote co-ordinated development. By contrast, the Department of Provincial and Local Government has sought to use the URP to reinforce budgetary prioritization and co-ordination through the instrument of Integrated Development Plans (“IDPs”). This policy objective found expression in the imperative to “do things differently” as it was envisaged that URP projects would be the testing grounds for **inter-governmental co-ordination**. This approach emphasized the need to focus on “the mechanics of delivery (particularly quality and speed) rather than on the products of delivery” with a view to getting government to work better through a process of institutional learning. The focus on co-ordination, learning and the development of inter-governmental relationships, rather than on visible delivery, provides the key national rationale for the absence of funding for the programme.
- Project-level interpretations of the URP, particularly those emanating from the more advanced nodes such as the Alexandra Renewal Project differed substantially from the focus on the National Department of Provincial and Local Government in their emphasis on the need for **visible delivery**. The nodes were, to a large extent, driven the political and social imperatives to deliver tangible products and sustained employment opportunities, markets and social and welfare infrastructure to the urban poor within the nodes. The nature of delivery proposed within nodes however reflected a significant shift from the approach of the SIPPs due to the increased emphasis on economic development imperatives and the accessibility of social services. Most nodes highlighted the importance of community ownership and on the need to build community participation and awareness. This reflects an important shift from the approach of the SIPPs which had been undertaken at the time of political transition. The increasing emphasis on long-term sustainability has likewise given rise to programmes for the development of social capital within nodes and programmes to enhance the institutional capacity of local government.

6.4 Project selection

Project selection internationally is often structured around competitive bids which fall for adjudication under the ambit of national or regional authorities. The process is often underpinned by a technical evaluation process, but in many instances final decision-making is vested with political appointees which add a heavily political flavour to project selection. The growth of competition presents difficulties for local organisations as it

places pressure on scarce staff resources in competing for funding, managing complex partnership structures and responding to requests for data for monitoring and evaluation purposes (Hall & Mawson, 1999). Groups which lack the necessary capacity to mobilize around competitive bids may also be by-passed notwithstanding objective need.

The selection of URP projects was not linked to the publication of a policy framework. The basis for selection did not arise out of a transparent process. In line with the national rationale for the URP, there is general consensus that projects ought to have been selected on the basis of prioritization under local government prepared *integrated development plans ("IDPs")*. These instruments were not in existence at the time of the selection of the SIPPs and despite their weakness in many instances, it was to be expected that the IDPs would provide the foundation for the identification of URP projects. This was unfortunately not the case as some selected projects did not appear as priority areas within local government IDPs. The failure of national government to comply with its own framework for the identification of projects has undermined the policy imperatives of the URP since inception and has created significant problems:

- The de-linking of project selection from the IDP process and the subsequent selection of areas which are not considered a high development priority from a visible infrastructure point of view has created confusion and resentment and has tended to undermine political support for URP projects as local political stakeholders are unable to mobilize around projects which have not been prioritized through local political and consultative processes. This creates an extremely difficult operating environment for projects which are heavily dependent upon their credibility and legitimacy for success.
- In the absence of clear selection criteria, the URP projects have been undermined by hints and allegations regarding their selection. It is thus widely assumed that political lobbying, interpersonal relationships and personal linkages to project areas played an important role in the selection of projects. In some instances, project selection may also have been influenced by presidential/ministerial visits to areas. In other cases, the very scale of projects across huge swathes of the population has suggested crude attempts to secure votes in the run up to national elections.
- The absence of clear criteria for the selection of URP projects has led to the identification of projects which differ substantially in their underlying problems. Thus, whilst Alexandra has significant infrastructural backlogs, the same cannot be said of Mitchell's Plain, Motherwell or KwaMashu which in fact demonstrate fairly high levels of infrastructural development, in many cases exceeding what is available in adjoining areas. As a generalization, the only similarity between URP projects lies in their township focus.

Case Study 9: Mitchell's Plain

Background

Mitchell's Plain is located approximately 30km from the centre of Cape Town and was planned as a 'coloured' township in the early 1970s. It is spatially separated from the working economy of Cape Town CBD and is not linked to the transport systems and economic hubs of the rest of Cape Town. Residents commute long distances to reach employment and economic opportunities. The population of Mitchell's Plain was estimated at over 265 000 in 2000. There are approximately 50 000 dwellings in the area with an average of 5.3 persons per household. Mitchell's Plain has no operational CBD, service/ commercial facilities or industrial/manufacturing components. There is a considerable amount of vacant land in the area which is notorious for its high violent crime rate and associated gang related violence.

Objectives

Mitchell's Plain was originally part of the Cape Renewal Strategy because of its high crime rate and level of gang activity, and was subsequently identified as an urban renewal node under the URP. The strategy focuses on investment in the economic and social infrastructure, human resource development, enterprise development, the enhancement of the development capacity of local government, poverty alleviation and the strengthening of the criminal justice system.

Projects

The two of the most notable projects include the development of the Mitchell's Plain Town Centre and the anti-graffiti project, which was part of the original Cape Renewal Strategy and Tafelsig, is a key focus area. A Precinct Plan was produced for Tafelsig at the end of 2002 which identified key safety problems and possible projects to address them. Most of the projects fell into the following three categories:

- Degraded or unsafe public open spaces which were to be addressed by upgrading, landscaping and the installation of paths and lighting;
- Insufficient policing services and capacity to be addressed by the construction/operation of a satellite police station and by the installation of CCTV cameras;
- Insufficient traffic calming measures to be addressed by the construction of traffic lights and raised pedestrian crossings;
- Lack of sporting facilities to be addressed by the development of various sports facilities such as tennis courts, skate parks and stadiums;
- Address high unemployment by the development of a Job Creation Centre by Department of Labour
- Insufficient educational facilities to be addressed by the construction of various education facilities
- Lack of youth activities to be addressed by delivery of various education and recreational programmes including youth camps, hikes, educational courses.
- The absence of a local government presence which was to be addressed through the construction of a Multi-Purpose Centre
- Training and equipment for the Neighbourhood Watch associations in Tafelsig

Implementation Structures

The Provincial Government of the Western Cape will make use of two structures on official level and one on political level to co-ordinate and monitor the progress of the programme. On the 3rd March 2003, a Task Team was established consists of City officials, representatives from Provincial, Khayelitsha Development Forum, Mitchell's Plain Development Forum and the Provincial Development Council. It is envisaged that the task team will become the enabling mechanism for the implementation of the project. The complex nature of developing urban renewal strategies driven by National Government has created political inertia that has hindered the progress of possible urban renewal initiatives in Mitchell's Plain. As the new Multi-Stakeholder Steering Committee was only established in April 2003, it will be some time before policy reaches the communities of Mitchell's Plain. The restructuring of the City administration also contributed to delays in developing a comprehensive renewal programme for the node with substantial attention being devoted to the development of management models.

Beyond the URP, some cities have attempted to proactively **map social and economic exclusion** based on a range of techniques, including quality of life indicators. Information derived through this process has been incorporated into **integrated development plans** and has been used to identify and **prioritize “sustainable development zones”**. In some instances, work has also been undertaken to develop the **concept of “generic urban areas”** to determine the basic package of social, economic and municipal infrastructure required to ensure the sustainability of areas. Areas which fall below this norm are then prioritized for integration. In many instances, officials exercise bureaucratic initiative and select projects based upon their experience and local knowledge of an area. This is often linked to internal lobbying from other government officials, including social services and treasury officials. Political factors play a considerable role in project selection and may include direct political patronage, party-political considerations and geographic equity issues.

6.5 Legislative and regulatory environment

Housing remains the most important physical intervention in most renewal projects within exclusion areas. It accordingly stands to reason that the provisions of the Housing Act, and more directly, the structure of the National Housing Subsidy Scheme is an important factor impacting upon the renewal of exclusion areas. The provisions of the Housing Act do not refer directly to urban renewal although the provisions of the Act are broadly supportive of urban renewal. In practice however, the National Housing Subsidy Scheme tends to encourage the development of greenfield housing projects and the **delivery of RDP housing**. As indicated earlier, this trend may have the unintended consequence of promoting and reinforcing social and economic exclusion by design.

Backyard Rental as a legitimate housing form

Backyard rental arrangements within exclusion areas are an important source of accommodation but are also important sources of household income. The quality of backyard accommodation leaves much to be desired and the failure of the National Housing Subsidy Scheme to address the issue of backyard rentals is a particularly glaring omission which impedes urban renewal activities in exclusion areas. Although the landlord and tenant relations underpinning backyard rental arrangements would be covered by rental housing legislation, no programmes have been introduced to upgrade backyard housing environments as the primary focus has been on the development of new housing to replace backyard accommodation. This not encourages urban sprawl, undermines household incomes and may ultimately reduce the ability of households to pay for services.

The National Housing Subsidy Scheme also makes provision for the development of medium-density housing, typically through the vehicle of **housing associations**. This should theoretically benefit exclusion areas by enabling the development of more creative housing typologies and the redevelopment of inner city properties. In some notable cases, housing associations have had a profoundly positive impact on inner city areas and

have catalyzed renewal activities throughout large city precincts as a result of the construction and effective management of social housing estates. This is particularly visible in the case of social housing projects which have been undertaken in the Newtown Precinct of the Johannesburg Inner City. In other cases housing associations have been unable to exercise effective control over newly constructed housing estates. Maintenance activities have not been undertaken, units have become overcrowded and the public environment has declined. This occurred in the case of the Tsutsumani Village in Alexandra and as a consequence the development of medium density housing has not facilitated urban renewal but has instead sparked decline. The housing policy is currently under review by the National Department of Housing and this is likely to provide additional institutional support for the development of medium-density housing. This is particularly important in view of the mixed experience of social housing and urban decline.

Residents within exclusion areas are often unable to access mortgage finance as a result of *red-lining by banks*. The proposed Community Reinvestment Act and the Banking Charter are thus likely to have a positive impact on exclusion areas as these will encourage financial institutions to actively invest and provide mortgage finance credit to underserved but potentially bankable communities.

Many exclusion areas have historically served as important absorption points for immigrant communities. Areas such as Yeoville and Bertrams have welcomed east European Jewish, Afrikaans, Greek, Portuguese and Chinese communities. These communities put down roots in exclusion areas and are often a source of significant private investment. More recently exclusion areas have received African immigrants but these immigrants have not been accorded legal status. Instead of acting as absorption points, exclusion areas now merely serve as clandestine transition belts. No incentives are provided to immigrant communities to invest in these areas and immigrant communities therefore no longer provide an opportunity for the renewal of exclusion areas. This situation poses serious threats to the renewal of exclusion areas. It is accordingly important to evaluate the relationship between *immigration laws* and cities in order to direct the existing abusive relationship between immigrant communities and cities into a more positive direction.

6.6 Nature of Interventions

The renewal of exclusion areas requires the commitment of substantial resources and a multi-sectoral approach (McGregor & Maclennan, 1992). Most urban renewal projects tend to take the form of multi-faceted and multi-sectoral interventions and the best initiatives are considered to be those that deal successfully with a range of issues and comprehensive strategies for renewal. These should balance physical, social, economic

and environmental considerations as achieving any one of these elements in isolation is not sustainable. (British Urban Regeneration Association, May 2003) Whilst property development invariably forms an important component of the project, the dominant emphasis is on the development of human capital i.e. the development of individual capacity and social capital i.e. the development of institutions such as the family. Economic development interventions within these areas tend to focus on job creation and individual employability and mobility. This may ultimately lead to their departure and replacement by equally disadvantaged households. The scope of many interventions is linked to the development of local institutional capacity to champion, manage, and sustain interventions.

- One of the main components of urban renewal projects within exclusion areas is to shift negative images and perceptions. This often manifests itself most strongly in place-making, built form interventions such as the construction and upgrading of roads, area access points and boundaries. Whilst **physical image construction** may boost civic pride within affected communities, the results may have exclusionary consequences, particularly when tied to private sector redevelopment of housing estates as the redevelopment and re-imaging of the area may be linked to an implicit strategy of attracting more affluent residents into the area (Arthurson 2001).
- The vast majority of physical development interventions focus on the **redevelopment of housing**. This may include the purchase/expropriation of derelict housing, the redevelopment of derelict land for housing, the upgrading or reconfiguration of existing housing, the rehabilitation or demolition of derelict buildings and changes to the concentration of housing to either increase or decrease densities. Many programmes also include a focus on the **privatisation of public housing stock** which often leads to the displacement of low income residents. Notwithstanding these difficulties, housing interventions are considered to be amongst the most successful urban renewal interventions due to their visual impact and the reduction of crime which often accompanies housing interventions. Thus, programmes such as the Better Buildings Programme in Johannesburg have resulted in the attachment of buildings for subsequent demolition or redevelopment and this has not only halted decline in certain areas, but has also displaced criminal syndicates from derelict buildings. Housing programmes are generally run with clear mandates and funding streams which greatly facilitates implementation. It however remains true that the inappropriate development and location of housing can create and reinforce social exclusion and it is accordingly essential that housing solutions appropriate to their locations should be developed.
- The **upgrading of engineering infrastructure** is not normally required within the context of exclusion areas, except in instances where the underlying infrastructure

has been damaged as a result of the lack of maintenance or political violence. Within the South African context, the availability of infrastructure cannot however be separated from questions of affordability and attention has been focused on the development of appropriate ***broad-based indigency policies*** to support residents within exclusion areas. It is widely acknowledged that these policies have not had the desired effect as a result of targeting problems, misunderstandings and technical difficulties in implementation.

- Many projects focus on the development of ***public open space***, including the ***planting of trees***. These projects are often very successful in mobilizing community support and boosting civic pride. Long-term maintenance arrangements must however be addressed prior to implementation as the development and subsequent decline of public open space may reinforce exclusion. Many interviewees highlighted this as the biggest threat to the sustainability of projects.
- Public transport interventions, including the ***upgrading of roads*** and the development of ***taxi ranking facilities*** are often undertaken to address the physical exclusion of areas and to boost access to surrounding areas. These interventions can have significant psychological impacts on exclusion areas by opening up access to surrounding amenities. The development of facilities must however critically involve taxi associations, commuters and transportation engineers to develop unique and solutions. Maintenance and operational funding issues should likewise be addressed prior to the initiation of these projects.
- Renewal projects must balance the extent to which new employment opportunities are created within areas as opposed to the development of linkages with existing employment opportunities beyond the borders of exclusion areas. Attracting new business activity into areas can provide a substantial boost to local confidence and esteem. It nevertheless requires a high level of subsidization due to the poor supply of local services, the often unattractive environment, higher levels of crime and vandalism and low purchasing power of residents. The attraction of new business ventures may be supported by a variety of ***demand-side tax incentives*** and ***rates arrangements***. These fiscal mechanisms most often seek to stimulate effective demand for rather than the supply of physical infrastructure. It should be borne in mind that exclusion from the labour market is not a symmetrical process and outsiders often access newly-created jobs to the detriment of local residents (McGregor A, McConnachie M, 1995).
- A variety of programmes may be introduced to support local entrepreneurs and new business activities as part of a business retention and expansion strategy. This process is most often initiated by conducting ***business surveys*** to identify the

underlying activities of and problems affecting local businesses and which support the development of locally-appropriate strategies. The absence of appropriate facilities may be addressed through the redevelopment of existing **work spaces** or the construction of small **hives and nodes** for use by local entrepreneurs. The success of these initiatives is critically linked to the institutional arrangements which underpin the management of the workspaces and these are often structured on the

Creating new businesses?

In some instances, government agencies have attempted to promote job creation through the direct establishment of new enterprises. In practice, the direct establishment of new enterprises creates relatively few jobs at a high cost and many new business ventures tend to fail as exclusion areas generally provide poor environments for start-up activities. Business activities may also not be structured in line with market principles and thus require ongoing operational subsidies.

basis of a public-private partnership. Questions of affordability, market returns and rentals should be evaluated at the outset to ensure sustainability.

- Many interventions facilitate the availability of **start-up or expansion loans** for new enterprises either through the

establishment of direct loan schemes, the issue of guarantees or proactive facilitation through advice and training on financial planning and available sources of finance. This aspect has been found to be absent from most urban renewal projects which have been initiated in the South African context.

- **Public procurement interventions** seek to enhance the ability of local enterprises to access public and private sector procurement processes. Explicit preference schemes are often promoted but tend to create regional tensions. In the case of the Alexandra project, attempts to promote the allocation of contracts to Alexandra-based business were met with fierce resistance from city councillors who argued that this would unfairly prejudice contractors from other parts of the city, notably Soweto. Other interventions to encourage small business may include adjusted contract sizes (which make it easier for smaller companies to tender) and evaluation mechanisms which encourage tenders from joint ventures.
- **Public works programmes** are most often linked to capital programmes, particularly major engineering and housing programmes. Communities often feel a strong sense of ownership over these jobs which are generally highly visible. Public works programmes can make a significant but temporary contribution to the reduction of local unemployment. To succeed, public works programmes require the development of local organisations to champion the interests of local residents, advance training programmes to provide skilled labour for building work and support for community enterprises and co-operatives to sell services to developers. Direct job creation through capital programmes have inbuilt limitations and programmes are

of short duration and do not create permanent employment opportunities. A large proportion of expenditure is on building materials rather than direct labour, a significant percentage of the cost of the work is attributed to professionals and large builders and developers often already have their own work-forces. For this reason, public works programmes should increasingly focus on the repair and maintenance of housing and the local environment as there is a steady demand for these services over time and a high labour content. Public Works programmes may also be framed as **volunteer programmes** which target specific environmental works, local facilities and community and social services and provide essential first-work experience for job seekers.

- Strategies which focus on creating linkages between local residents and the broader labour market are preferred as they connect residents to larger and more robust labour markets. These “linkage” strategies often however tend to be less visible and therefore less popular. Training tends to be the most common intervention and must balance the weight to be attributed to **personal development training** (which builds broad skills including individual self confidence and self-esteem across multiple markets but does not always lead to direct employment) and **vocational training** which is tailored to and targeted at particular sectors within the local labour market. Both forms of training may be required. In all instances, training interventions should build skills appropriate for the changing labour market i.e. should be demand-led and should be linked to practical placements with employers where possible. Experience has shown that there are greater long-term benefits in providing a high quality training service to a smaller number of people, rather than a lower resourced programme for larger numbers. Problems which do affect training programmes include high drop-out rates, the low percentage of trainees who in fact secure employment, the low quality of jobs and some non-skill constraints which preclude trainees from taking up employment opportunities. Within the South African context, vocational training often fails as it does not form part of the core competencies of infrastructure-focused implementing agencies. It is accordingly essential that training programmes should be managed by appropriate agencies with the necessary experience. **Job placement** interventions may take various forms, including the payment of subsidies to employers who employ residents from exclusion areas or pro-active placement lobbying by dedicated staff located within community-based institutions. In some cases, enabling programmes such as **child care** and **transport subsidies** are introduced to support the inclusion of specific excluded groups. This often includes a specific focus on **language training** where there are groups of foreign workers and minority communities.
- The development of social capital in the form of **local employment and training organizations** to support economic inclusion activities is a critical success factor in

many areas. Local employment and training initiatives are most effective when undertaken by local organisations as these organisations tend to be more accessible, responsive and connected to the local labour market and are best able to champion the interests of residents. Urban renewal projects often facilitate the establishment of **local business support centres** and **information services** and initiatives such as the “Open for Business” project in Johannesburg have been particularly successful at providing support to small enterprises.

- Exclusion areas are often typified by high levels of crime. In order to address this problem, programmes typically focus on **social crime prevention and environmental design** and include **anti-gangsterism** and **drug enforcement** programmes. Efforts are often made to improve the relationship between the police and communities through the initiation of **community policing forums** which seek to identify and address specific problem areas.

Funding for Community-Based Organisations

The **development of community-based organisations** to engage effectively with the renewal process is viewed as an essential component of urban renewal projects. It is increasingly acknowledged that community participation must be resourced and most programmes provide special funding for this purpose. It is also recognized that this process may require considerable time and funding streams must be structured in a flexible manner to accommodate the complex nature of community participation (European Commission, 1997). The allocation of funding to community-based organisations is controversial in the face of under-resourced, statutory ward committee structures and accordingly requires careful consideration.

- Welfare interventions often seek, in the first instance, to assist people to take up social welfare benefits to which they are legally entitled but have not previously claimed. This may entail a range of interventions including **referral services**, the establishment of **welfare advice**

centres and **decentralized welfare services**. The implementation of these programmes typically entails the integration of work between different social services suppliers and non-government institutions and may require increased operational funding. Other programmes may be introduced to address particular social problems including **alcohol and drug abuse programmes, domestic violence counselling**, and effective **client-centred counselling** for the long-term unemployed. Other programmes focus on specific vulnerable groups such including **children, women, the disabled and the aged**.

Poor health has been identified as strong indicator of social exclusion, with widening health inequalities in poor neighbourhoods being linked, amongst others, to the withdrawal of public and private services, including the erosion of retail provision in

The Jamaica Urban Poverty Project

Project Background

Severe political unrest and feuding in Jamaica during the 1970's caused social, economic and physical decline in downtown Kingston. People fled from areas and evacuated buildings destroyed by fire and riots. Some residents squatted where they could find space whilst others defended their areas, at times in gun battles with opposing groups over territory. By the 1980's downtown Kingston was dilapidated and in a state of severe physical and social decay. More than 21% of residents were below the poverty line with an unemployment rate of 42%. The children of poor families failed to complete secondary school and 61% of poor residents were below the age of 25. Social amenities for health provision and education were non-existent or in poor condition and residents had limited access to water, sanitary facilities and electricity. In some instances, residents had invaded old buildings, whilst others had built dwellings of temporary materials in what used to be middle income housing yards. Residential densities were extremely high and basic facilities were inadequate. The area suffered from high rates of crime and violence and government services were accordingly discontinued. Gunfights became the primary mechanism for resolving community differences and territorial disputes. The Jamaican government committed itself to a National Poverty Reduction Policy in the early 1990s with a strong emphasis on community-based approaches to the reduction of crime. The Kingston Restoration Company ("KRC"), a non-profit public purpose organization, was commissioned to develop a pilot revitalization plan for the Jones Town area.

The Early Project Work

The KRC adopted a community-based, participatory approach to address the problems of the area and the project commenced with a number of participatory planning exercises with the residents in Jones Town, making use of Participatory Rapid Appraisal (PRA) and Planning for Real Techniques. The KRC encouraged local residents to become involved in developing community maps for their localities on street corners, local bars and local halls. Through this community-based planning exercise, four key areas for intervention were identified:

- Education for change to support school children to remain in school, guide youths away from drug gangs and encourage younger children to dream of a different life.
- Economic development to support the development of a range of business and employment opportunities for men and women.
- Safer communities to address the wide range of violent circumstances that people faced.
- Security, shelter, service and the environment interventions to address the need for adequate services and safe residential living conditions.

The KRC worked with residents to identify small-scale projects. Residents would mobilize themselves to put together proposals and implement projects. Many projects were specifically targeted the youth. A community newsletter was established; vacant land portions were fenced and converted into youth parks and football fields and a mobile stage was constructed for use in community awareness campaigns and musical events. These activities benefited approximately 15 000 residents. More than 840 households were provided with improved water and sanitation whilst improved water/toilet facilities were built in 30 housing yards and are managed by yard residents in terms of community contract agreements. The KRC slowly reintroduced the Jones Town Area Council and this led to improvements including the provision of signage by local craftsmen, food gardens on vacant lots, a refuse amnesty to remove rubbish that had accumulated over the preceding ten years, a programme of support for the elderly and a supervised school home working and computer training facility.

Measuring Project Success

Since inception more than 74 community-based projects have been undertaken. The rate of violent crime has falling dramatically to the point where local control and management by Area Councils may be re-established. Most importantly, there has been a significant growth in Community Based Organizations. The success of Jones Town has led to the expansion of the programme and the KRC is currently assisting four adjoining communities.

neighbourhoods (Wrigley, Guy and Lowe 2002). **Retail development projects** have accordingly been used in some areas to address problems of social exclusion. Within the South African context, the departure of large retail outlets may be filled by informal retail outlet, but this may nevertheless result in a decline in the quality and diversity of food availability in these areas.

Timescales for renewal projects in exclusion areas must be realistic and initiatives must have a long-term perspective. Quick fix solutions tend to fail and waste valuable resources. (British Urban Regeneration Association, May 2003) The timing and sequencing of interventions is also an important consideration. Most urban renewal programmes begin with the physical rehabilitation of the area, followed by the initiation of training programmes linked to the wider labour market or new investment in the area and ultimately focus on social development issues. The timing of these interventions should rather be undertaken in reverse order to be truly effective. In many instances, the sustainability of interventions within exclusion areas is linked to the quality of the interventions i.e. housing stock, training and employment opportunities. Experience has shown that more is not necessarily better and emphasis should rather be placed on ensure the quality of interventions.

5.7. Institutional Arrangements

There is increasingly recognition that exclusion areas are affected by “joined-up problems” which require “joined-up solutions”. The critical challenge in the implementation of renewal projects in this context is accordingly the difficulty and complexity of vertical and horizontal co-operation/co-ordination between government and non-government agencies (Atkinson, 2000). Vertically orientated sectoral departments with their own policies, norms and criteria are often identified as the most important impediments to urban renewal within exclusion areas. The proliferation of centrally and separately devised but locally implemented initiatives creates wasted effort in running separate schemes. Disparate national programmes and agency guidelines making cross-cutting co-ordination at local level difficult and national government must focus on improving policy co-ordination (Hall & Mawson, 1999).

Centralized urban renewal initiatives seldom work well for urban renewal but are particularly inappropriate for the renewal of exclusion areas (Altes W, 2002). As a result, the concept of subsidiarity has generally been supported in policy. Internationally, institutional arrangements for urban renewal in exclusion areas require the established of **intra- and inter-governmental partnerships** which seek to co-ordinate and integrate a range of policy areas including education, health, welfare and housing systems. The establishment of **inter-governmental partnerships** to undertake urban renewal arises out of the need to co-ordinate both vertical and horizontal government inputs into the

urban renewal process. Most projects have attempted to facilitate co-ordination and integration through the appointment of dedicated public sector programme managers. The establishment of inter-governmental partnerships is complex and is dependent upon extremely high levels of individual good will and political clout. This creates intrinsic risk and institutional weakness as project coherence cannot be maintained in the face of fluctuating political support, shifting policy objectives, high staff turnover and the loss of institutional memory. Most inter-governmental partnerships are complicated by inter-departmental competition which undermines partnership whilst creating jealousy and rivalry. In many cases, government departments are simply unwilling to compromise their own internal processes in order to work within a co-ordinated framework. Different parts of government view one another as competitors rather than partners and this gives rise to turf battles, interpersonal rivalry, a lack of co-operation and apathy. This often creates situations where national and provincial departments undertake projects which are in conflict with or have little impact on the outcomes of urban renewal projects. Project interventions may be duplicated and considerable time is spent addressing community-level confusion as a result of the lack of government co-ordination. The lack of commitment by government departments, the absence of line authority over departmental officials and the lack of financial clout limits the ability of programme managers to secure ongoing, stable support from national and provincial departments. Within the South African context it has been found that existing mechanisms to promote inter-governmental partnerships are extremely weak and that these initiatives generally only work where there is a **high level political mandate** that can ensure all parties co-operate towards a **single, focused objective**. To stabilize the institutional environment, attempts have also been made in some projects to conclude a memorandum of understanding between the three tiers of government. This memorandum of understanding was intended to clarify the roles and responsibilities of the three tiers of government vis-à-vis political liaison and control, funding, project management and communication. This approach has not met with success at this stage.

The identification of local authorities as the lead agency for urban renewal and the allocation of funding to **local government** for this purpose is common internationally and is part of a broader thrust towards the decentralization of government. This process is reinforced by financial pressures and constraints within local government which typically leads to an increased focus on the privatisation of public housing stock, the recovery of service charges and the maximization of revenue from land management activities.

Within the South African context there is substantial support for the view that multi-disciplinary co-ordination within the context of urban renewal should be undertaken under the leadership of local government. Within the context of the URP, only the Alexandra Renewal Project is managed from a **provincial level**. The project however remains dependent upon a close working relationship between the Gauteng Department

of Housing and the City of Johannesburg. The location of the project at provincial level has also enhanced the involvement of provincial departments in the implementation of the Alexandra Renewal Project, but has also created complex financial, procurement and implementation relationships.

The preferred role of local government as the implementing agency under the URP has been clearly stated and all projects acknowledge the centrality of local government. The role of local government as implementing agency has however been undermined by the poorly managed selection process, the lack of political credibility in some instances and a lack of capacity to implement projects. It also remains true that local authorities may

Getting the location right

The sustainability of interventions is enhanced where the same organisation has responsibility for the implementation, operation and maintenance of services and where institutional capacity for the same is in place (Barrett & Beardmore, 2000). The location of responsibility for the implementation of renewal activities within local government should also take cognisance of the dominant nature of projects to be undertaken as it has been argued that agencies that "can do the physical stuff, can't do process, and agencies that can do process can't do physical stuff".

themselves lack the necessary leadership or capacity to undertake this task effectively. **Area-based management units** within local government have been established in some areas to integrate and co-ordinate urban renewal activities. In the case of the INK project, this unit is located within the planning department of the city and is one of five focused management areas. Where possible, urban renewal units should be located **outside of line**

functions and should report to the highest possible level. This will not only enhance the ability of units to undertake cross-sectoral work without apparent bias but will also provide an essential dispute resolution mechanism in the event of deadlocks with functional departments.

Exclusion areas are often redeveloped through **housing authorities** or **corporatized government departments** (particularly those focused on housing development). This underscores the importance of housing redevelopment within these areas as the dominant physical intervention. **Housing associations** and **co-operative housing institutions** may also play an important role in the renewal or decline of exclusion areas in the South African context and this is exemplified by the work of the Johannesburg Housing Company and COPE in the Newtown Precinct in Johannesburg. In most cases, however these institutions have tended to focus narrowly on housing related issues although it is anticipated that this focus will expand as the initial difficulties in accessing subsidies, housing finance and capacity support for the purchase, upgrading and management of derelict properties is overcome.

Inter-government partnerships are increasingly linked to voluntary organisations and community-based organisations and this is increasingly leading to the establishment of **multi-agency partnerships** which provide flexible capacity and funding solutions. The key institutional question pertains to the leadership of partnership initiatives and this may be undertaken by a variety of parties including local authorities, housing authorities, community-based organisations and private sector interest groups.

Urban renewal may also be undertaken through public-private partnerships which are dominated by **private housing developers**. This is most often undertaken where housing is a dominant issue. In these instances, the underlying profit motive, linked to a process of image reconstruction may potentially reduce community involvement in the project and often leads to gentrification (Arthurson 2001). This is particularly true where the concentration of residential density is reduced as residents are generally displaced to other locations. In some instances, **community banking institutions** have also played the lead role within urban renewal projects, particularly where they have significant exposure or investments within a deteriorating neighbourhood. The intervention of Shore Bank in the renewal of South Shore Chicago is a particularly important example of positive action by the private sector in the face of decline.

Constraints to Community-led Renewal

There are currently very few examples of community-led renewal in the South African context, and this may be linked to a variety of factors including the extreme sense of exclusion and marginalization experienced by many communities who are not yet able to envision renewal on their own terms. This is particularly relevant in the case of areas affected by political violence or forced removals under apartheid. As a result, many communities remain passive, reluctant or hostile participants in urban renewal projects. The emphasis on the speed of physical delivery within these communities is particularly inappropriate and must be balanced with initiatives to build social organisation, cohesion and participation.

Within the international context it not uncommon for **community-based organisations** to themselves to initiate or lead partnerships for the renewal of exclusion areas. These organisations generally tend to have long-standing relationships with residents in the area prior to the initiation of the renewal project. The sustainability of interventions is dependent upon **community involvement and participation** in the process. This may entail the establishment or recognition of community organisations, including community based housing and

employment initiatives. Community participation may stimulate innovation thus reducing costs, may increase the effectiveness and targeting of interventions and ultimately enhance the legitimacy of renewal activities. Levels of community participation are however seldom static and tend to change over time with the greatest intensity being reached during construction activities. Community participation in local government may also be a double-edged sword. Thus, by involving the community, obstacles to development may be removed and resources may be deployed more effectively, but

participation can also block proposals for renewal due to inter-party conflict or vested interests.

6.7 Financial arrangements

Within exclusion areas, tensions typically arise between a territorially focused, integrated approach which is “locally derived” and sectoral approaches with vertically integrated policy communities. It is extremely difficult to balance central direction with local preference. Mainstream public spending programmes tend to represent the bulk of income to most exclusion areas, but these resources are seldom used to achieve renewal objectives as funds are linked to vertical departmental policy objectives. Many urban renewal programmes attempt to address this problem by providing block grants. These grants enable local authorities to work together with local stakeholders to develop appropriate urban renewal strategies (Altes W, 2002). In this way local government is able to combine national funds with local knowledge and accountability to promote sound urban renewal (Altes W, 2002). The Sueur Commission in France and the Rogers Commission in England both advised their respective governments to amalgamate funds into a block grant system to reinforce local government responsibilities and to enhance flexibility in urban renewal (Altes W, 2002). Block grant systems have accordingly acquired popularity in English and European contexts, but are equally applicable in the United States of America. (See: Single Regeneration Budget Case Study)

Block grants to local government must be spent on objectives identified by the national government. The bundling of many sectoral funds in one fund leads to a substantially larger political domain at local level and whilst this is in line with the principle of decentralization, this may nevertheless cause intergovernmental tensions (Altes W, 2002). The block grant system is not itself a guarantee that local, territorially integrated approaches will in fact be developed or that local government will be sufficiently accountable for the funding received. To address this problem, many programmes require a process of local consensus building as a precondition for the allocation of funding. In order to boost local government commitment to projects, local government counter-funding is also often required.

Internationally it has been found that programmes that targeted exclusion areas tend to be ineffective if they provide modest resources, but are more successful if they provide extensive resources over a long period of time. Urban renewal activities within exclusion areas are most often linked to the development of city development strategies which provide a framework within projects may be located. In some areas, a specific feature of urban renewal funds is that local government may retain savings and this provides considerable flexibility as projects seldom neatly accommodate an annual budgeting system.

SINGLE REGENERATION BUDGET

The Single Regeneration Budget ("SRB") was introduced in the United Kingdom in 1994 and brought together 20 programmes from 5 government departments (Environment, Trade and Industry, Transport, Employment and the Home Office) to simplify and streamline the assistance available for urban renewal.

The SRB arose out of a report titled "Bringing Britain Together: a National Strategy for Neighbourhood Renewal" which identified four objectives which were key to the ability of neighbourhood renewal schemes to bridge the gap between the poorest neighbourhoods and the rest of the country namely tackling unemployment, reducing crime, improving health and raising educational achievements. Whilst the SRB is fairly flexible, qualifying bids must demonstrate that they meet one or more of the following eligible objectives i.e. improving the employment prospects, education and skills of local people; addressing social exclusion and improving opportunities for the disadvantaged; improving and protecting the environment and infrastructure, including housing; supporting and promoting growth in local economies and businesses; or reducing crime and drug abuse and improving community safety.

The SRB is administered at regional level by Regional Development Agencies which manage a competitive bid process. Bids may only be received from local partnerships in areas listed in an "Index of Local Deprivation". Local partnerships must represent key interests within areas including public and private sectors, local voluntary organisations and community organisations. Local government is expected to play an important role and the upfront commitment of public service providers and agencies is considered essential. Bidders must not assume the commitment or involvement of a publicly sponsored organisation without the clear agreement of the organisation concerned. Public sector bodies do not necessarily lead the partnerships but have proved to be the dominant players. The partnership may be set up as a formally constituted company or may have an informal structure.

Projects must develop a local renewal strategy with an agreed vision, needs and priorities, a clearly demarcated area for intervention, clear linkages to regional economic strategies, the crowding in of other area support programmes including donor funding, strong local partnerships with clear roles and responsibilities and a strategy to ensure long-term sustainability. Bids must demonstrate how the SRB contribution will enhance, reinforce and add value to other initiatives and public spending programmes, including the main public services in the area and how they will maximize the amount of private sector investment. Bids should make clear the proposed sources of other public funding and must indicate whether these have been allocated. They must ensure that activities within schemes are not multi-funded. Projects have a maximum lifespan of up to 7 years, most expenditure is expected to take place within the first 5 years and bids must make provision for inflation. Funding is in the form of a grant, paid quarterly in arrears against actual expenditure although there is scope for payment in advance of expenditure for voluntary and community organisations. As it may take time to involve the community in the partnership and in the development of the scheme, partnerships can opt to have a "year zero" in which no project spending occurs. The Programme acknowledges that community representatives will require capacitation and bids are expected to include capacity building as a key objective. This may include a range of interventions including training for representatives, providing support workers to help community groups to develop skills or providing access to administrative resources such as office equipment. Up to 10% of the total approved grant may be spent on capacity building projects over the life-time of the scheme.

Up to 5% of the SRB grant offered over the life-time of the scheme is available for set-up, management and administration costs. These include staff costs (including training), accommodation and running costs, general consultancies relating to the implementation of the scheme, publicity costs and fees for auditing. Bids must identify their strategic objectives and outcomes clearly against baseline data over the lifetime of the scheme. Once the bid is successful, the partnership is expected to draw up a Delivery Plan for the scheme including details of milestones and outputs leading to outcomes.

In the South African context, no dedicated funding source has been established to support the renewal of exclusion areas by national government. The URP has accordingly not received national funding despite an estimated funding requirement of R6.7 billion over a period of 6 years. Rather, it is the intention of the Department of Provincial and Local Government that these projects should be financed through a process of **funding alignment and budget reprioritisation** linked to integrated development plans, in order to enhance the linkage between budgets and outputs of the three spheres of government. While adequate funding for this approach is theoretically available, the marshalling of resources through multi-tiered implementing structures is a formidable task which has been complicated in some cases by political tensions between national, provincial and local government. Projects which have endeavoured to obtain funding through a process of alignment and reprioritization have managed to raise small amounts funds largely as a result of high-level political intervention.

The URP has likewise not ascribed a clear funding role to **provincial government**, although provincial government is expected to align and reprioritize its budgets to support the URP projects. In the absence of national funding, the Gauteng Provincial Government has allocated unconditional, ring-fenced provincial funds to the Alexandra Renewal Project.

No counter-funding requirements have been stipulated under the URP and whilst most local authorities have provided funding for the appointment of programme managers to co-ordinate the URP projects and the funding of associated administrative costs, the provision of capital and sustained operational funding sufficient to meet the needs of projects has not been achieved. The National Department of Provincial and Local Government provided additional **equitable share allocations** to local authorities subject to the condition that these funds would to be utilized within the URP nodes to build capacity for implementation and to compensate local authorities for the increased costs of operating and maintaining capital infrastructure developed through the projects. Local authority treasuries rejected this conditionality virtually *en masse* as an encroachment on their discretionary powers over equitable share allocations. Whilst some programme managers were ultimately able to access these funds through high level political intervention, in many cases the funds were not used for nodal projects but were allocated to other purposes. This was clearly not the intention and national treasury was powerless to intervene in these circumstances. The abovementioned circumstances has led to the view that

“the URP does not have a model of how the programmes area to be financed, but relies on loose, weak notions of reprioritization of budgets. Consequently, if budgets are not reprioritized, demand will outstrip supply, projects will not be funded and the programs will fail for want of impact.”

FUNDING THE ALEXANDRA RENEWAL PROJECT

The Alexandra Renewal Project ("the ARP") commenced with the approval of a project business plan in September 2001. This document was used to lobby the Office of the Presidency for funding and culminated in the Presidential announcement of the URP programme some 6 months later.

The policy objectives of the ARP focused on the need for visible delivery in key areas aimed at addressing social and economic exclusion. The project was closely linked to the IDP for the area and sought to address infrastructure backlogs, substantial emphasis was placed on the initiation of "soft" programmes. Thus, approximately 40% of the overall budget was allocated to be used for the development of social capital, the empowerment of individuals to access social services and the development of economic opportunities and linkages to the surrounding economy. This represented a substantial project-level shift from the heavy emphasis of the SIPPs projects on capital expenditure.

The Gauteng Provincial Government allocated more than R500 million for the implementation of the project. This funding was intended to be matched by funding contributions from national and local government. National contributions have not been forthcoming as a result of the emphasis on funding alignment and budget reprioritization and claimed national funding allocations are not matched by actual funding streams. Local government funding contributions have also not been forthcoming despite the support of local government for the initiation of the Alexandra Renewal Project. This may be attributed to a number of factors including funding shortfalls within local government, the absence of mechanisms/conditionalities or agreements requiring the provision of counter-funding and shifting political support for the project.

The need for inter-governmental partnership was recognized at the outset and provincial government controversially undertook role of financier and facilitator for the project. In this manner, the ARP was able to secure the commitment of provincial government departments for the implementation of many "soft" programmes which fell within the purview of provincial government and which required the development of relationships with NGO service providers. The City of Johannesburg played a crucial role in the primary implementer of infrastructure projects and a dedicated project team was established within the Office of the City Manager to co-ordinate local government inputs into the ARP.

Most interviewees have asserted the need for funding to be structured in accordance with the following principles:

- A single grant should be provided in order to avoid multiple funding sources, complex financial arrangements and multiple reporting.
- Funding should be sufficient for the entire project and should be ring-fenced for the duration of the project. This will greatly enhance project security as projects are currently unable to vouch for the commitment of funding by other tiers of government.
- Funding should not only be restricted to capital projects, but should also provide funding for the initiation of "soft" projects.

- Funding should be allocated directly to the implementing agency. This is intended to avoid the imposition of additional unnecessary conditionalities and multiple reporting. Funding should be flexible and should not be linked to annual budgetary processes. This would accommodate unexpected problems in the implementation of projects.
- Funding should be conditional upon the provision of counter-funding by the local authority. This counter-funding should be structured in the form of operational budget and maintenance support.
- Reporting requirements should be simplified and should incorporate the requirements of multiple users in order to avoid duplication.
- Funds should be audited by a single agency to prevent multiple auditing and should focus on both outcomes and outputs.

The redevelopment of housing and the development and upgrading of social amenities remain the most common and important interventions in the context of exclusion areas. Funding for these activities is primarily derived from provincial departments. Thus, institutional housing subsidies must be accessed from **Provincial Housing Departments**. Funding for the construction of schools and programmatic enhancements to the schooling environment (including equipment, teacher training, extra-curricular support etc.) are provided by **Provincial Education Departments**. Funding for the development of tertiary health facilities lies with **Provincial Health Departments** although responsibility for primary health care facilities lies controversially with local government. The key source of funding for poverty alleviation programmes is derived from **Provincial Welfare Departments**. Thus underscores the importance of provincial government in the implementation and funding of urban renewal projects.

Local government funding for the renewal of exclusion areas varies considerably and is strongly dependent upon underlying political and financial considerations. Where **capital**

Urban Renewal and Operational Budgets

Many of the highlighted activities are extremely vulnerable to budget reprioritization and local government operational funding support for exclusion areas remains one of the most controversial areas of government funding. Historical investments in white residential areas continue to draw disproportionate operational budgets and this perpetuates exclusion through budgetary allocations. One of the most critical problems to be addressed within the context of local government is accordingly ongoing inequity with regard to the allocation of operational budgets to support social/economic and urban management programmes within exclusion areas.

funding is made available, it tends to be relatively limited in scope but this is not particularly problematic given the non-infrastructure focus of many interventions in exclusion areas. The sustainability of renewal projects within exclusion areas is however critically dependent upon the allocation of funds to support the maintenance and operation of facilities, to undertake urban management activities and to support social/economic programmes within areas.

There is strong support for the view that the allocation of funding by other tiers of government must be linked to obligatory **counter-funding** from local government and that this counter funding should be structured to support expanded operational activities within exclusion areas. **Donor funding** has been sourced for technical assessments and the development of planning frameworks in several instances.

6.8 Performance Measurement

The concept of social exclusion is relatively new and does not yet have an uncontested definition or clear performance measures. As a result, many studies of social exclusion still use poverty as a proxy indicator, but these fail to capture the fundamental relational and spatial dimensions of exclusion and there is accordingly increasing pressure to develop non-monetary indicators of social exclusion (Atkinson, 2000). Evaluations should not only focus on outputs such as the number of houses built, but should also concentrate on the social, economic and spatial effects of urban renewal programmes (Altes W, 2002). The following indicators tend to find purchase within renewal projects in exclusion areas:

- Statistics on unemployment, household incomes (linked to poverty indices) and inequalities in the distribution of income.
- The ability of residents to access jobs in the labour market as measured through assessments of mobility, which capture the extent to which residents are equipped with appropriate skills and are able to utilize these skills within the labour market. This requires an analysis of the extent to which jobs are created internally or are accessed externally. The ability of residents to access the broader labour market is a particularly important measure of the success in breaking down the geographic dimensions of exclusion.
- Indicators of sub-standard accommodation are typically used and this often includes statistical measures of density and overcrowding.
- Various indicators have been developed to measure social integration and cohesion including increased social activity, improved civic pride and reduced crime.

6.9 Summary

The following table represents a checklist of the key issues which should be taken into consideration by urban renewal practitioners in the development of urban renewal programmes for exclusion areas:

| Aspect | Exclusion by Design | Exclusion by Decline |
|---|---|--|
| Causes of decline | <ul style="list-style-type: none"> • Exclusion by design <ul style="list-style-type: none"> ○ Apartheid policies and planning ○ Establishment of dormitory townships ○ Absence of economic opportunities and social infrastructure ○ Limited public transport linkages ○ Long-term unemployment and insecurity ○ Political conflict and political transformation ○ Collapse of urban management ○ Vandalisation of infrastructure ○ Increased densities and RDP housing ○ Low self esteem ○ Gangsterism and crime | <ul style="list-style-type: none"> • Exclusion through decline <ul style="list-style-type: none"> ○ Demographic shifts ○ Economic restructuring ○ Aging housing stock ○ Collapse of residential property markets ○ Overcrowding and abuse of residential property ○ Immigration ○ Neglected public open space ○ Social disintegration and fragmentation ○ Declining quality of social amenities ○ Gangsterism and crime |
| Policy Objectives | Address exclusion and improve the quality of life of ordinary people by promoting civic, economic, social and interpersonal integration. | |
| Legislative and regulatory environment | <ul style="list-style-type: none"> • Review of regulatory environment for management of public housing estates • Reform of National Housing Subsidy Scheme to address backyard rental • Legislative reform to facilitate access to mortgage finance and to address red-lining. • Review of indigency regulations linked to service payments | <ul style="list-style-type: none"> • Review of legislative/regulatory environment for support housing associations • Review of National Housing Subsidy Scheme to address criteria which excludes single people and immigrants • Review of immigration legislation |
| Project Selection | <ul style="list-style-type: none"> • Maps of social and economic exclusion • Integrated development plans • Identification of sustainable development zones • Identification of "generic urban areas" | <ul style="list-style-type: none"> • Proactive identification of so-called "Sink areas" |
| Nature of interventions | <p>Infrastructure Focused</p> <ul style="list-style-type: none"> • Physical image construction • Redevelopment of derelict land for housing • Upgrading or reconfiguration of existing housing • Upgrading of engineering infrastructure • Development of public open space and planting of trees • Upgrading and construction of link | <p>Infrastructure Focused</p> <ul style="list-style-type: none"> • Physical image construction • Redevelopment of derelict buildings for housing • Upgrading or reconfiguration of existing housing/flats/warehouses • Development of public open space and planting of trees • Development taxi ranking facilities <p>Institution/People Focused</p> <ul style="list-style-type: none"> • Indigency policies for service |

| Aspect | Exclusion by Design | Exclusion by Decline |
|--|--|--|
| | <ul style="list-style-type: none"> roads • Development public transport facilities • Work spaces and hives • Retail development projects <p><u>Institution/People Focused</u></p> <ul style="list-style-type: none"> • Privatization of public housing stock • Indigency policies for service payments • Business surveys • Start-up or expansion loans • Public procurement interventions • Public works programmes • Volunteer programmes • Personal development training • Vocational training • Job placement • Demand-side Tax incentives and rates arrangements • Child care and transport subsidies • Local employment and training organizations • Local business support centres • Information services • Education-business partnerships • Home school support schemes • Youth programmes • Vocational guidance schemes • Welfare referral services and advice centres • Decentralized welfare services • Substance abuse programmes • Domestic violence counselling • Client-centred counselling • Social support for vulnerable groups • Social crime prevention Programmes • Environmental design for safety programmes • Anti-gangsterism programmes • Drug enforcement programmes • Community policing forums • Support for community-based organizations | <ul style="list-style-type: none"> payments • Business surveys • Establish new enterprises • Start-up or expansion loans • Public procurement interventions • Public works programmes • Volunteer programmes • Child care • Language training • Local business support centres • Business Information services • Education-business partnerships • Home school support schemes • Youth programmes • Vocational guidance schemes • Welfare referral services and advice centres • Substance abuse programmes • Domestic violence counselling • Client-cantered counselling • Social support for vulnerable groups • Social crime prevention Programmes • Environmental design for safety programmes • Anti-gangsterism programmes • Drug enforcement programmes • Community policing forums • Support for community-based organizations |
| <p>Institutional arrangements</p> | <ul style="list-style-type: none"> • Intra- and inter-governmental partnerships • Local government led multi-disciplinary co-ordination often through Corporatized government units • Public housing authorities • Private housing developers • Housing associations and co-operative housing institutions • Community banking institutions | |

| Aspect | Exclusion by Design | Exclusion by Decline |
|--------------------------------|---|----------------------|
| | <ul style="list-style-type: none"> • Community-based organizations | |
| Financial arrangements | <ul style="list-style-type: none"> • Block grants • Municipal infrastructure programme • Human Settlements Redevelopment Grants • LED Grants • Provincial Departmental funds • Local government capex budgets • Local government operational budgets • Donor funding | |
| Performance measurement | <ul style="list-style-type: none"> • Poverty indices • Statistics on unemployment and household income • Statistics on the distribution of income • Mobility assessments • Skills assessments • Measures of sub-standard accommodation • Density and overcrowding measures • Measures of social integration and civic price • Crime statistics | |

7 CONCLUSIONS

7.1 Overview

It is essential that an **urban renewal policy framework** be developed to support and guide urban renewal. This policy framework should not be a stand-alone document, but should be part of a **broader urban policy framework**.

Building a common understanding

The concept of urban renewal is understood and applied in extremely broad terms in the South African context. As a broad generalization, officials located in economic development units tend to understand urban renewal as the redevelopment of urban centres or economic nodes. Officials in housing departments most often understand urban renewal as an inner city housing intervention. Urban planners understand urban renewal in spatial terms and emphasize urban design in the development of nodes and street frontages. Engineers link urban renewal to the upgrading of water and sanitation infrastructure in informal settlements. There is nothing wrong in these areas of emphasis and they are probably inevitable. What is however lacking is a coherent understanding of the policy objectives of urban renewal.

Urban renewal activities are not stand-alone activities within a city. Rather, they should be linked to and arise out of **city development strategies** which address economic development, physical decline, social exclusion and poverty and governance.

There is a substantial overlap in the **causes of decline** between urban centres, exclusion areas and informal settlements. All areas have been impacted upon by **global trends** (economic restructuring, urbanisation, migration, demographic shifts) and **local factors** (apartheid policy, political conflict and transformation,

duality, These have been exacerbated by **public management responses** (planning approaches and standards, bureaucratic hostility/neglect, poor urban management, poor management of publicly-owned property, crime management) and by the responses of **local stakeholders** themselves (disinvestment, lack of maintenance, slum lording, overcrowding, crime and lawlessness, loss of self-esteem and dignity). Whilst urban renewal interventions accordingly differ substantially, the underlying causes of decline are remarkably similar.

- The **policy objectives** of urban renewal within urban centres, exclusion areas and informal settlements differ substantially. Urban centre renewal projects generally seek to normalize the property market and diversify the local economy to the benefit of private investors and the local fiscus. The upgrading of informal settlements is driven by the need to respond to extreme poverty, vulnerability and exclusion whilst exclusion area renewal projects seek to address exclusion of residential areas and people through a process of physical, economic, social, institutional and interpersonal integration.
- **Legislative support** for urban renewal is required in a number of areas:
 - Legislation is required to legitimize and support the **programmatic structure** of urban renewal programmes (funding parameters and conditionalities, criteria for selection and demarcation of areas, reporting requirements etc.)
 - Legislation or regulatory support is required to support **institutional arrangements** underpinning urban renewal (Urban Development Corporations, Business Improvements Districts, inter-governmental relations, funding for community-based organisations, public-private partnerships for maintenance and public-private partnerships to manage inter-modal transportation hubs and public trading markets)
 - Legislation or regulatory reform is required to support **financial arrangements** which underpin urban renewal (block grants, equitable share allocations, business levies and local government counter-funding for BIDs, mortgage finance and red-lining, micro-credit for housing and enterprises, savings and sweat equity)
 - Legislative reform is required to address **inappropriate regulatory frameworks** or practices which spark decline or impede urban renewal (Business Act, National Building Regulations, public housing management frameworks, regulatory frameworks for social housing associations, planning

and environmental frameworks, land and tenure security frameworks, engineering standards, municipal bye-laws)

- Legislative or regulatory reform is required to underpin **new policy directions** (upgrading of backyard accommodation, incremental housing)
- Legislative reform is required to support the development of **fiscal mechanisms** to support urban renewal (Income Tax Act, Municipal Systems Act)
- The existing process of **project selection** differs substantially but in each instance, attempts have been made to underpin political selection processes with technical assessments. The methodologies for these assessments differ substantially between cities and greater uniformity would strongly support future programmatic urban renewal interventions.
- The nature of **project interventions** in different urban renewal areas differ substantially in terms of their range, scope and emphasis. This is in line with the differing policy objectives of these interventions. This document has sought to unpack the issue of urban renewal through its application in three distinct circumstances i.e. urban centres, exclusion areas and informal settlements. In practice, these areas however often overlap with one another. Thus, the Katorus project thus incorporated the exclusion areas of Kathlehong, Tokoza and Vosloorus, but also focused attention on the informal settlements in the Palm Ridge Area. The Johannesburg Inner City Renewal area includes the Johannesburg CBD and the Hillbrow/Yeoville/Bertrams areas. This underscores the complexity of urban renewal in practice. The identification of the contextual linkages between the causes of decline, urban renewal objectives and project interventions should assist practitioners to craft appropriate and mutually-reinforcing area-based strategies.
- There are clear tendencies towards defined **institutional arrangements** tendencies in different contexts. Thus, the corporatization and privatisation of institutional arrangements within the context of urban centres flows naturally from the underlying policy objective to restore the functioning of the property market and the close engagement with private sector stakeholders. The emphasis on public sector co-ordination within exclusion areas flows from the inter-relatedness of social problems which are increasingly addressed through the establishment of social service coalitions between the public and non-governmental sector. The emphasis on local government in relation to the upgrading of informal settlements and tensions between government-led and community-led approaches arise out of the historical development of informal settlements and the absence of positive institutional

relationships between the state and residents. Institutional arrangements must accordingly be developed based upon a careful assessment of the most appropriate fit between the project context, underlying institutional and political relationships, institutional maturity, capacity constraints and the complementarity of skills. It is accordingly not possible to prescribe a single approach. It is however essential that some institutional guidelines should be established in order to promote good governance (including frameworks for consultation and ethical dealing) within urban renewal projects. Ultimately the most important requirement remains the establishment of dedicated and skilled capacity under the programme managers who exhibit charisma, leadership, a passion for their work and who have a strong interest in the success of the project.

- The establishment of effective **financial arrangements** to support renewal is urgently required. The current approach of alignment has led implementers and political office-bearers to typify themselves as “the beggar in chief” and the “pickpocket of government”. The inability of programme managers to secure sufficient funds for the implementation of projects demonstrates the failure of this approach. Alignment requires both political will and the existence of a long-term commitment which either be structured within a clear set of inter-governmental rules which are adhered to and prioritized. The existing mechanisms contained in IDPs are insufficient for this purpose. Alternatively, funding should be provided to support projects through the establishment of a block grant system. The relationship between capital and operational funding must likewise be addressed as a matter of urgency.
- The range and scope of potential **performance measures** across the different urban renewal contexts is substantial. The monitoring and evaluation of the effectiveness of urban renewal projects is a critical but costly exercise and this is exacerbated by the random identification of additional measures by different government departments. The development of a clear set of indicators would substantially reduce costs and would enhance the ability to compare the effectiveness of different urban renewal interventions.

7.2 Intervention Score sheet

Interviewees were requested to complete an intervention checklist and this information has been used to assess the frequency and patterns of urban renewal interventions in the South African context.

7.2.1 Overall Intervention Frequency

During the interviews, more than 70 different actual interventions within with context were identified. The frequency with which certain interventions were selected is set out below. The majority of interventions are linked to or supportive of **economic development activities** within urban renewal areas. This reinforces the view that imperatives of economic restructuring, economic growth and job creation strongly influence urban renewal interventions in the South African context. The absence of **regional and local economic development frameworks** however hampers the effectiveness of these activities.

Physical Development vs Balanced Development

Emphasis within urban renewal in the South African context remains focused on the **physical redevelopment** of urban environments and these appear to be strongly linked to local government integrated development plans. Programmes which focus on “soft” issues are limited, marginalized and underfunded. This situation may be exacerbated by policy objectives which seek to promote short-term visible delivery. It remains clear that the focus of interventions within urban renewal areas is heavily skewed and this holds important implications for the success and sustainability of these projects.

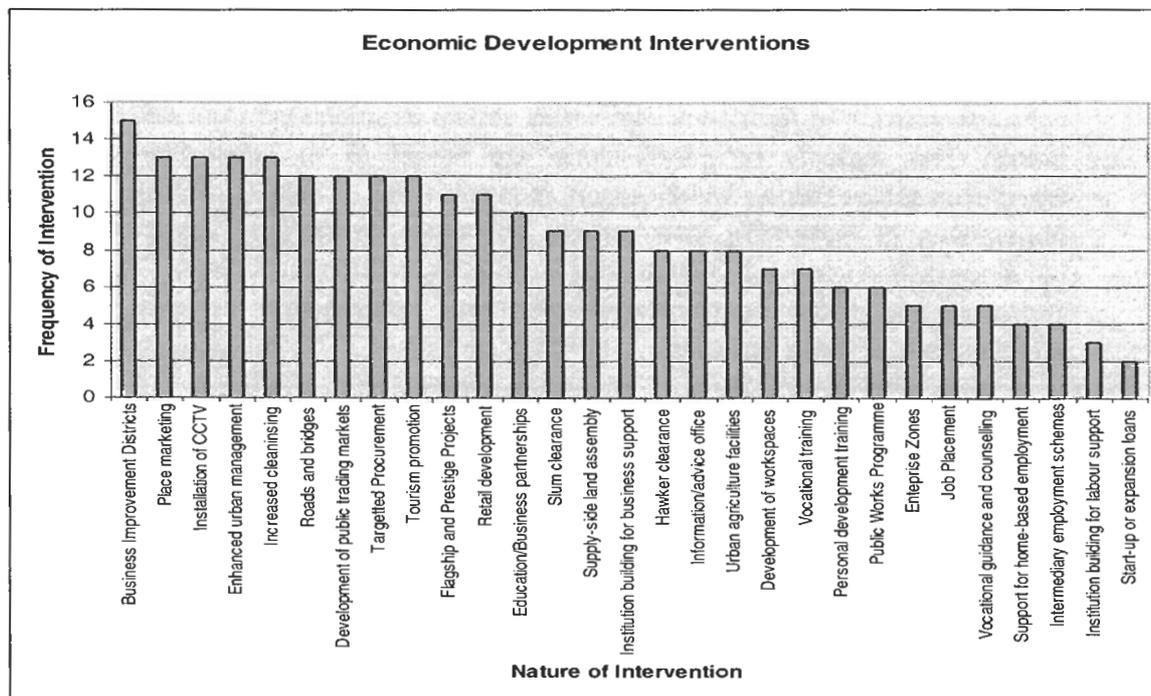
continue to focus on property development and the physical environment. This is in line with international trends which tend to emphasize property-led development in urban centres. This situation may however also be driven by an over-emphasis on visible, physical delivery.

- The clustering of interventions which focus on the development of skills, support for entrepreneurs and job creation at the lower end of the frequency scale is extremely concerning in view of the high levels of unemployment within the South African context. The reasons for this situation must be assessed in greater detail, but may be linked to the inexperience of implementing agencies in the establishment of these programmes.
- BIDs and place marketing are the most common interventions within economic development programmes underpinning urban renewal projects. This highlights the importance of this mechanism and supports the need to introduce legislative mechanisms to support and regularize BIDs across the country.

7.2.2 Economic Development Interventions

The range of economic interventions which are undertaken within urban renewal projects in the South African context is graphically reflected below. The following issues arise:

- Most interventions which are undertaken within economic development programmes

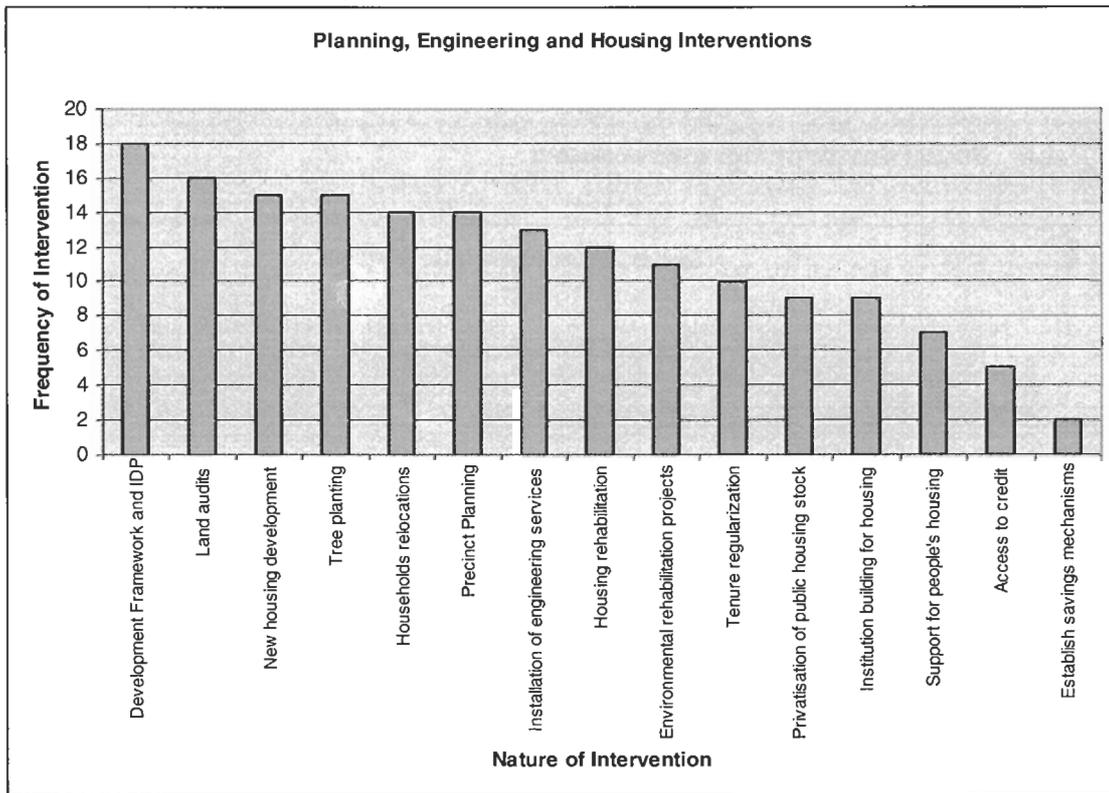


- The emphasis on CCTV is linked to the negative impact of crime on business activities in all three contexts. Most South African cities are presently engaged in the roll-out of this infrastructure. The integration of CCTV infrastructure with private and public response systems and the long-term impact of CCTV should be carefully monitored.

7.2.3 Planning, Engineering and Housing Interventions

The range of interventions which are undertaken in respect of planning, engineering and housing interventions within urban renewal projects in the South African context is graphically reflected below. The following issues arise:

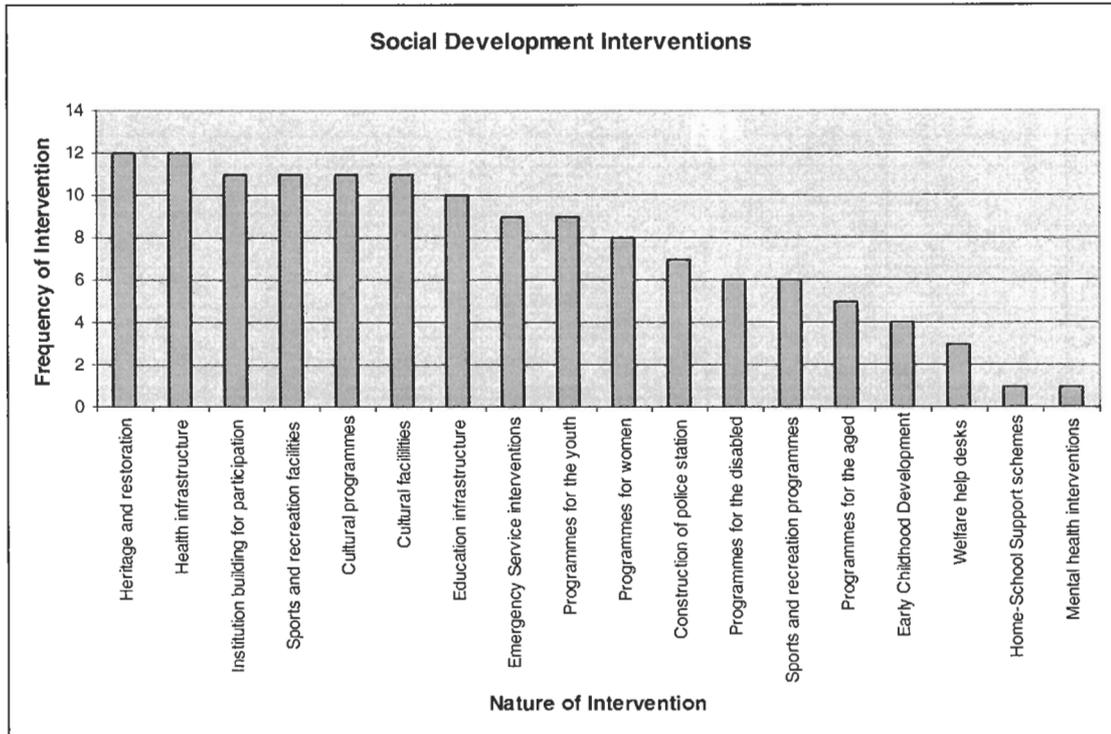
- It is clear that there is substantial support for the integration of urban renewal activities into local government integrated development planning frameworks. This bodes well for future integration and reflects the importance of IDPs and other strategic instruments to local government. An emphasis on effective planning is essential to address the inherent dysfunctionality of South African cities. It is accordingly essential that planning frameworks should be appropriate to their environment and should balance the inherent duality of the South African environment.



- Data from land audits which have been undertaken may provide very useful information on urban land markets and may be used to support the development of pro-active strategies to address land hunger and urbanisation pressures.
- The development of new housing remains the most important housing-related intervention within the context of urban renewal. This is indicative of the scale of the housing backlog in the South African environment. The nature and location of this housing is however critical as poor housing environments create and perpetuate social exclusion.
- Household relocations are a common feature within urban renewal projects in all three environments. The absence of frameworks to guide and support this activity may result in a rise in social and political conflict. The identification of appropriate relocation methodologies and practices may assist in this regard.
- Interventions to support and facilitate access to credit (both mortgage finance and micro-credit) and community-based savings mechanisms are substantially under-supported. This fundamentally undermines the ability of the poor to empower themselves in the construction of their own accommodation. Policy, institutional and

programmatic impediments to the availability of credit must be addressed as a matter of urgency.

7.2.4 Social Development Interventions



The range of economic interventions which are undertaken within urban renewal projects in the South African context is graphically reflected above. The following issues arise:

- Infrastructure development dominates social development strategies within urban renewal projects. In some circumstances, this may be appropriate in view of existing infrastructure backlogs. In other circumstances, the emphasis on social infrastructure as opposed to the reinforcement of social systems or the initiation of social programmes may be inappropriate.
- The emphasis on heritage and cultural facilities is often linked to the initiation of local tourism projects. The viability and long-term sustainability of these programmes is often the subject of considerable debate.

- The emphasis on capital expenditure and the underdevelopment of social programmes may be indicative of the tendency to support visible delivery projects and the inability to secure operational funding for social programmes.
- The high frequency of institution building activities linked to participation is generally linked to the overall sensitivity to the need for community participation in the initiation and implementation of urban renewal projects. This has not however generally translated into clear financial support for community-based organisations engaged in social development work.

8 LIST OF INTERVIEWEES

Yondela Silimela, Chief Director: Urban Renewal, Department of Provincial and Local Government

Themba Maluleke, Project Manager, Katorus Urban Renewal Project and Alexandra Renewal Project

Willem Odendaal, Acting Chief Executive Officer, Housing Development Agency, Gauteng Department of Housing

Rory Gallocher, Chief Director: Social Housing Partnerships, Gauteng Department of Housing

Neil Fraser, Chief Executive Officer, Central Johannesburg Partnership

Lael Bethlehem, Director: Economic Development, City of Johannesburg

Mark Napier, Chief Director: Research, National Department of Housing

Johan Wallis, Chief Director: Programme Management, National Department of Housing

Sol Cowan, Member of the Mayoral Committee: Inner City, City of Johannesburg

Yakoob Makda, Regional Director: Region 8, City of Johannesburg

Graeme Reid, Johannesburg Development Agency, City of Johannesburg

Jonathan Mecer, Head of Planning, Nelson Mandela City

Clive Felix, Chief Executive Officer, Urban Services Group, Nelson Mandela City

Dawn McCarthy, City Planning, Nelson Mandela City

Walter Shaidi, Programme Manager: Motherwell Urban Renewal Project

Clive Foster, Chief Operations Officer, Cato Manor Development Agency

Richard Dobson, Area Manager, ITRUMP, City of Durban

Lee Deet, Acting Area Manager, Southern Industrial Basin, City of Durban

Thando Magewu, Area Manager, INK, City of Durban

Morris Makathini, Housing, City of Durban

Neva Pillay, Strategic Executive, Planning, Pretoria City Council

Dumisa Dhlamini, Head of Housing, Pretoria City Council

Peter Tomalin, Executive Director: Planning, City of Cape Town

Professor Sue Parnell, University of Cape Town

Josette Cole, Project Manager.

Barbara Selfworth, Urban Design, City of Cape Town

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