City Improvement Districts in Johannesburg: An examination of the local variations of the BID model

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Introduction

The historical development of Business Improvement Districts (BIDs) is well known and well documented: scholars and practitioners trace them back to Canada at the end of the 1960’s before they spread to the USA in the mid-1970’s (WARD 2007; HOYT 2003, 2006; HOUSTOUN 2005) and then on to other countries such as Australia, New Zealand, the UK, South Africa and Germany (WARD 2006; PEYROUX 2006; MORANGE/DIDIER 2006; WIEZOREK 2005; FRIESECKE 2006). As to be expected, there are national and local variations of the models (GROSS 2005; MITCHELL 2001; HOYT 2003) and South Africa is no exception to this trend. “City Improvement Districts (CIDs)” as referred to in South Africa are defined as “a geographic area within which property owners and/or tenants agree to pay for certain services supplementary to those supplied by the Local Authority and which will enhance the physical and social environment of the area” (CJP 2001: 4). A more recent definition specifies the ultimate goal of CIDs is “to maintain and manage the public environment at a superior level and thus enhance their [the majority of the property owners] investments” (KUM 2005: 6). Since the 1994 democratic transition, CIDs have been implemented under various forms in the Johannesburg metropolitan area as well as in Pretoria and Cape Town. In Johannesburg, CIDs enjoy the support of the public authorities and have become part and parcel of urban regeneration policies.

As in other cities where the North American BID model was adopted, these public private partnerships have been implemented as a response to urban blight and insecurity in downtown areas. They are also seen as an innovative solution to boost and foster economic development in suburban areas. Johannesburg is indeed confronted with problems of business and residential vitality common to many cities: a declining inner city affected by waning industrialisation; the development of suburban shopping malls; the decentralisation of office parks; and the “white flight” out of inner residential areas. This goes along with high levels of unemployment and poverty, rising crime rates, and the rise of an informal economy (BEALL/CRANKSHAW/PARNELL 2002; BEAVON 2004). However, the economic and financial centre of South Africa has sharply contrasting economic bases that place Johannesburg between the developed and the developing world. It has also inherited distinct socio-economic patterns from the apartheid regime and urban spaces remain strongly marked by past segregation. Lastly, urban and
political restructuring, at the national and local level, faces tremendous challenges with regard to abolishing or redressing past inequalities.

This paper proposes an analysis of the transfer and the development of the BID concept to Johannesburg within the context of a still divided and contrasted city that has undergone major changes in local government and urban management over the past decade. In the first section, the paper explores how, in the early 1990’s, BIDs were imported by the private sector in a context of both a shifting economic basis as well as a political transition. The second section examines the local variations of the “CID” model in response to the city’s characteristics and challenges. It points out the specificities of the Johannesburg model, in particular the distinction between “improvement districts” and “management districts” that reflects the socio-economic disparities within the post-apartheid city. The third section analyses how the CID concept fits into current policies, in particular how they embody the neo-liberal turn in South African policies. The last section critically investigates potential risks regarding the impact of CIDs on socio-spatial structure and local democracy.

1 The transfer of the BID model in a context of a shifting economic basis and political transition

Towards a metropolitan area dedicated to financial and business services

From a mining centre and industrial city to a metropolitan centre given over to financial and business services, Johannesburg has undergone many changes over the past decades (ROGERSON 1997, 2005; BEAVON 2004). This city of more than 3 million inhabitants is the economic core of South Africa and a major economic centre in the sub-region. Johannesburg’s gross geographic product amounted to US $ 15.5 billion in 2002; which represents 16.4% of the gross national product as compared to 7.2% share of the national population. The average annual growth rate over the last decade grew from 2% per annum to over 4%, whilst the country averaged 1.8% per annum (South African Cities Network 2004). Johannesburg concentrates a large share of business: there are 290,000 businesses from the formal sector that employ about 840,000 people; 74% of national corporate head offices are located in Johannesburg, using 55% of the total office space in the country; 70% of bank headquarters and 45% of travel agencies are based in Johannesburg. In addition Johannesburg is not only the main hub of foreign businesses in the country and in the wider region (this includes banks, financial services, business services, and a large range of international companies), but also the site of the highest concentration of foreign media representation (MABIN 2004). Looking at the continued shift towards financial and service sectors, experts point out that these changes have made Johannesburg “South Africa’s quintessential professional,
private sector city” (BERNSTEIN/MCCARThY 2002: 19). Growth in sectors such as culture, tourism and Information and Technology has contributed to the current economic shifts transforming Johannesburg into a creative city (DIRSUWEIT 1999).

While Johannesburg displays some key characteristics of a well-developed and attractive city, its economic bases are dual, with certain aspects resembling those of Northern cities and others similar to Southern cities. There has been little direct integration between formal and informal activities; a marked contrast can be observed between the latter and the development of evermore sophisticated services, both financial and other, (MABIN 2004). Between 1996 and 1999, the informal sector grew from 9.6% to 16% of total employment (City of Johannesburg 2002). At the same time, employment grew by only 1% per annum, whilst unemployment rose from 27 to 37% between 1996 and 2001 as a result of migration from other parts of South Africa and from the sub-continent (TOMLINSON 1999). The city enjoys connections with global business and inter-linkages with the rest of the world but on a restrictive and elite basis: “The connection with global business and broader society is particularly striking in Johannesburg. But that connection involves, directly, only a minority – symbolised by the mingling of business tourists and local high-income people in the most expensive shopping centres in the northern suburbs” (MABIN 2004: 18). While this North-South interaction might also be found in other cities in emergent countries, Johannesburg has connections with other economies via African migrants from southern Africa, but also from eastern and western Africa. Diversified forms of South-South connections are emerging in Johannesburg and translate into the local economy through formal or informal trading, among other practices (MABIN 2004).

From a fragmented municipal structure to a unified metropolitan council

A unitary state since 1910, South Africa has three spheres of government: national, provincial and local since the constitutional negotiation of 1991-1993. The 1997 constitution established a much greater degree of equality in relations between the three spheres of government (see the White Paper on Local Government in 1998) (MABIN 2004). Over the last decade, Johannesburg went through different steps regarding local government reform: a multiplication of small racially-based municipalities under the apartheid regime; a federation of four councils in the interim arrangement (1995-2001), which brought together previously divided black and white areas; a Unicity in 2000 with local government elections that saw Johannesburg emerge as a unified metropolitan council led by an executive mayor (MABIN 2004).

The transfer of the concept of BIDs under the name “CIDs” started in the early 1990’s in Johannesburg and has since spread widely to other cities such as Pretoria and Cape Town. The private sector played a key role in the transfer of the model, the adoption of the legislation and the spread of CIDs within the city.
The role of the private sector in the transfer and the development of CIDs

As pointed out by Ward in his analysis of the trans-nationalisation of BIDs, the experts, consultants and analysts, what he calls “the new urban ‘consultocracy’”, created the conditions for, and facilitated the movement of a policy from one place to another (WARD 2007: 661). The forerunner of South African CIDs was established as a voluntary pilot project in the inner city of Johannesburg by business and property owners from the Central Johannesburg Partnership (CJP) as early as 1993, two years before the change of government. The CJP was launched in 1992 by a prominent figure of Johannesburg as the result of an Inner City Strategic Workshop held the previous year. First established as a trilateral partnership – business, the City of Johannesburg and the community – the CJP concentrated on the sole representation of inner city business from 1995 onwards and became a private, non-profit Section 21 company in 1998. It provides consulting and research services in urban regeneration and establishes and manages CIDs within the inner city.

The CJP started implementing CIDs in reaction to the general shabbiness and decay in the inner city and the high level of violence in a context of “political paralysis of white councillors” (Neil Fraser quoted in DAVIE 2002: 1). Up until 1994, there was still a fragmented municipal structure inherited from the apartheid regime. The greater Johannesburg region was divided into 13 racially demarcated local government bodies. However, the period from 1991 to 2001 was a phase of negotiation and transition to work out how to unite metropolitan Johannesburg and end the apartheid city (BEALL/CRANKSHAW/PARNELL 2000). As pointed out by BEAVON: “In the first phase, from 1991 to 1995, the administration of Johannesburg was in the hands of politicians who knew that they would no longer be in power after the first democratic elections, eventually scheduled for 1995” (BEAVON 2004: 237). The first CID stretched over a few blocks in the Central Business District (CBD) and focused on security, cleaning and maintenance, and upgrading of facilities for informal traders. It is said to have been very successful in its impact on crime levels. After this pilot project, the CJP introduced the first voluntary CID known as Central Improvement District in 1994. Five others were launched between 1995 and 1999: South Western Improvement District, Retail Improvement District, the Legislature/City Hall Improvement District, Gandhi Square Improvement District and Newtown Improvement District. This took place under the new municipal structure that emerged in 1995 as the first post-apartheid ANC-run city council. Johannesburg was restructured into four regions governed by a central metropolitan council and four local regional authorities. Under the ANC slogan “One City, One Taxpayer”, the municipal boundaries encompassed both wealthy towns such as Sandton and Randburg, poorer townships such as Soweto and Alexandra and informal settlements like Orange Farm. The underlying idea was that this would allow a redistribution of resources or a cross-subsidisation between wealthy, traditionally white areas and poorer black areas (BEALL/CRANKSHAW/PARNELL 2000). The four local

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1 Interview with the former Executive Director of the CJP, Johannesburg, March 2005.
authorities were merged into a single metropolitan structure in 2000, ending the transition phase.

The transfer of the BID model and its legal development in Johannesburg were influenced by direct contact with organisations and experiences from the USA. In 1995 the CJP became a member of the International Downtown Association (IDA), based in Washington, DC, and the executive director of the CJP was appointed to the Board of IDA (DAVIE 2002). At the end of 1995, a study tour to the UK and the USA was organised by the CJP. It included senior officials of the city and from the provincial government as well as business and community representatives. The study tour aimed to visit CID sites and learn from international experiences in order to set up practices and legislation for a CID in Johannesburg. The CID legislation was later drafted using CJP legal resources and was revised at the legal department of Provincial Government. It was approved by provincial legislature at the end of 1997 (City Improvement District Act n°12 of 1997) and became effective in 1999. The North-American BIDs were a strong reference for the Johannesburg’s CIDs. Examples of successful Improvement Districts such as Times Square, Downtown Baltimore and Downtown Philadelphia or Central Houston in crime reduction, enhanced street maintenance and marketing and economic development are presented in the introduction of each of the CID Business Plans.

The Johannesburg’s model of a CID was not restricted to the inner city and rapidly spread to other parts of the city under the leadership of the Partnership for Urban Renewal (PUR) and the Kagiso Urban Management (KUM), two organisations set up by the CJP. PUR was established in 1997 primarily to provide consulting and management services beyond the inner city, which was the focus of the CJP. In 2003 PUR was absorbed by KUM, a new organisation within the Kagiso Group2. The CJP operates within the framework of KUM. The PUR and KUM took the Johannesburg’s model of the CJP and applied it outside the CBD in the formally white-only northern areas such as Rosebank, Sandton, Illovo and Randburg. While expanding outside the CBD, the concept of CIDs evolved to adapt to the socio-economic conditions of these suburban nodes.

2  KUM is a private multi-disciplinary advisory and management company that handles suburban CIDs. It is 70% owned by a 100% Black Economic Empowerment (BEE) compliant organisation, namely Kagiso Property Holdings.
CID legislation and thus are not based on a legal binding agreement between property owners. In 2006 the CJP and KUM managed 11 legislated CIDs, six voluntary CIDs and three special projects across the metropolitan area of Johannesburg (KUM 2006). The number of voluntary CIDs in the inner city (Civic, Legislature, Newtown, Constitutional Court, Main Street and Fashion District) expresses the strong interest of property owners and their wish to quickly set up the project without having to wait for the formal process (DLAMINI 2007).

Box 1: Formation and operation of CIDs in Johannesburg

The geographic extent and boundaries of the District have to be established. All property owners and major tenants within the defined area must be identified and exposed to the proposed intervention. A referendum has to be held and a pre-determined majority must be achieved in order to legally establish a District. Whilst the application to the local authority to establish a District may be made by 25% of property owners, final approval will not be considered unless more than 50% of relevant property owners are in agreement, representing 51% or more of the total property valuation of the area. Once a District is authorized, 100% of property owners within the area must contribute financially.

The District is constituted as a Section 21 Company with a Board of Directors elected among the contributors. It comprises property owners, business owners, representatives of residents' organisations (if relevant), and representatives of the local authority. According to the legislation, the majority of directors are required to be property owners. The Board appoints a specialized urban management company to manage the day-to-day operations within the district and effectively control the district within the terms of the CID business plan, which may be established over a period of two to five years. Improvement District members may vote for the dissolution of the Improvement District anytime during its lifetime on a similar referendum as is initially used to support the establishment of a CID i.e. in excess of 50% of registered property owners representing excess of 50% of rateable value.

Through legislation, the cost of provision of CID services is spread over an equitable, pre-agreed basis among all property owners within the geographical area. The levy is based on the calculations of rateable property values (costs are borne in proportion to the value of the property). The local authority must inform the CID of its current level of service and must maintain the same level of service when the CID is running through a services level agreement (SLA). This is to ensure that the CID services remain supplementary and are not a replacement for local authority baseline services.

The improvement district is established for an initial period of three years but its life can continue indefinitely unless members move for material changes to the original business plan.


The services provided by the CIDs are supplementary to those provided by the local authority and operate exclusively within the boundaries of each CID. They usually include security, cleaning and maintenance of public spaces, marketing, physical
Figure 1: City Improvement Districts (CID) in the Johannesburg metropolitan area

New administrative boundaries of the Johannesburg metropolitan area (2007)

Location of the CIDs within the former administrative boundaries (2006)

Source: Kagiso Urban Management

Map: Department of Geography, University of the Witwatersrand

TYPOLOGY AND NAMES OF CIDs

**Legislated**
1. Sandton Central Management District (3)
2. Rosebank Management District
3. Illovo Boulevard Management District
4. Central Improvement District
5. South Western Improvement District
6. Retail Improvement District
7. Braamfontein Management District
8. Wynberg Management District
9. Benrose Management District
10. Randburg Management District
11. Kramerville Improvement District

**Voluntary**
11. Civic
12. Legislature
13. Sloane Precinct
14. Newtown
15. Constitutional Court
16. Main Street
17. Wits

**Special Projects**
17. Ellis Park
18. Fashion District
19. Yeoville
20. High Court
21. Ghandi Squar
improvements and special programmes to address aspects such as transportation, access and parking. Some CIDs also include social programmes such as in Rosebank: creation of a Homeless Association, development of income-generating activities and a car guard scheme employing the homeless. CIDs developed in retail, commercial, industrial and mixed use nodes. The Gauteng CID Act does not consider applications for residential areas but some initiatives have been taken to apply for Neighbourhood Improvement District (NID) as the Joburg City Council appears to be sympathetic to residential CIDs in inner city areas (FRASER 2007).

A further differentiation within CIDs is made between the inner city and suburban nodes: *Improvement Districts* refer to *areas of regeneration* that address crime and grime, mainly in the inner city, while *Management Districts* with a focus on place marketing refer to the *competitive nodes* in the northern suburban areas (KUM 2006). This reflects the still prevailing socio-economic disparities within the city and the different challenges regarding urban regeneration.

**“Improvement Districts”: Responding to general shabbiness and decay in the inner city**

Johannesburg has been in a slow and persistent decline throughout the 1980’s and the early 1990’s with a drop in gross geographic product and in formal employment mostly as a result of the declining manufacturing sector (TOMLINSON 1999). Like many other cities, Johannesburg’s inner city has suffered from general shabbiness and decay (BREMNER 2000). Since the 1970’s, the CBD has been affected by the flight of capital to northern suburbs due to the decentralisation of offices and shopping centres. This has resulted in a drop of office occupancy rates (LARSEN 2004). Residential influx of impoverished African people in the early 1990’s contributed to the changing social geography of the inner city while opening the way for the informal occupation of vacant and vacated office space. Property invasions also took place in the inner-city residential zone where several apartments, no longer connected to services, had been vacated (BEAVON 2004). One should point out that contrary to North American inner cities, which are associated with low-income, largely minority neighbourhoods, the central city of Johannesburg was reserved for Whites under the apartheid regime while the Blacks were forcibly consigned to the townships and periphery settlements where poverty is still concentrated. However, although the new residents of the inner city were poorer than those they replaced, they were relatively well-off (TOMLINSON 1999).

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3 The Inner City makes up part of the former Region 8 administrative area of the City of Johannesburg. It combines the City Centre or the CBD with the office satellite town of Braamfontein; the lower density, predominantly residential suburbs to the east of the City Centre; and higher density suburbs to the northern and to the west. The Inner City was included in the new administrative Region F in 2006 when the administrative regions of the metropolitan area were restructured into seven regions. Region 8 has been amalgamated with Region 9, the south-eastern corner of the metropolitan area that includes Johannesburg South, City Deep, Aerotide and South Gate (www.joburg.org.za/unicity/index_regions.stm).
The inner city was gradually affected by physical blight as the landlord-tenant relationships collapsed and the maintenance levels declined. Partial boycotts of rent to landlords were organised and payment of water and electricity were suspended. Informalisation of the inner city started to develop through the construction of shacks in the yards of buildings, on the pavement in areas near the main taxi ranks, in some of the parks in the CBD, and on vacant stands. Crime and grime escalated, ranging from petty to serious crime, hijacking and drug-related crime. The streets of the CBD became deserted after dark. The massive volume of legal and illegal taxis and traffic congestion also contributed to crime and the degradation of the city centre, and to the demise or migration of high-end shops (Beavon 2004).

“Management Districts”: Responding to concerns over business vitality and office vacancy rates in the suburban economic nodes

The northern suburbs (Rosebank, Sandton, Illovo, Randburg) were less affected by serious crime and urban degradation. However, these suburban centres located in the North-South Development Corridor also experienced economic problems that motivated urban regeneration initiatives. When dealing with suburban nodes, the political and economic meaning of suburbanisation in Johannesburg should be pointed out. The phenomenon, which encompasses residential and capital flight out of the inner city, has far-reaching implications: “Suburbanisation in Johannesburg is not just a temporary kink, a kind of collective tic in the face of change. It entails a massive relocation of material and political power towards specific city zones, where the middle classes re-congregate and regroup” (Marais 2000 quoted in Mabin 2004: 13). Reference is made to the development of fortified suburbs and gated communities, mainly in the northern areas of Johannesburg (Landman 2002). According to Beavon (2000), these suburbs are becoming a “neo-apartheid city” with new forms of exclusion through property prices. The “relocation of material and political power” also means that the centrality of the city has been fragmented over time with the emergence of business centres in the northern suburbs such as Sandton and Rosebank (Mabin 2004). As the result, the CBD and Sandton in particular, a dominant business and banking node and the largest decentralised office node in Johannesburg, is trying to become the economic centre of Johannesburg and CID[s are expected to help achieve this goal. CIDs are also used by the suburban nodes to compete with each other.

Sandton accommodates three Improvement Districts. It is predominantly a high-level office node and an upmarket retail centre with some townhouses and high-rise residential accommodations. It grew during the 1980’s and the 1990’s as retailers and

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4 The North South Development Corridor is one of the two major corridor initiatives that have been developed by the City of Johannesburg to facilitate the social and economic restructuring of strategic sections of the city. It includes the former townships and the central anchor point of the CBD. From the CBD it continues north through Sandton to Midrand. The development of the corridor aims at facilitating private investment through strategic public spending (Gautrain stations at Rosebank and Sandton, Gautrain being the rapid rail link between Johannesburg, Pretoria and Joburg International Airport).
businesses left the inner city in search of a safer and more practical location (availability of office and parking spaces, presence of target markets and customers) (LARSEN 2004; KUM 2005). It hosts the Johannesburg Stock Exchange, previously established in the CBD. However, the Sandton Central Performance Monitoring Report 2005 pointed towards “peaks and troughs” in property performance over the previous five years due to either the consolidation of companies within the node or the movement of a number of large corporate offices to new head-office accommodations outside the area. In addition to concerns over vacancy rates, other key issues were competition from other areas, the obsolescence of a number of facilities and image problems (although to a lesser extent than in the CBD). The perception survey conducted before the launching of the CID (as the case for most CIDs) also showed that the residents considered drugs and prostitution as social problems and that litter and cleanliness emerged as areas for management improvement (KUM 2005). The Business Plan of the Sandton Business Improvement District indicated crime and traffic flow to be two further dominant areas of concern that needed intervention (PUR 2000a).

Rosebank, which was Johannesburg’s first decentralised office node and a premier retail and business node, is a well-known commercial and entertainment area. It faced competition from Sandton during the 1990’s as a number of tenants and some of the top-end retailers vacated the area. Lower Rosebank was in decline due to high vacancies, buildings in need of refurbishment and a rapidly increasing night club scene, which contributed to disinvestment. Upper Rosebank did not experience the same type of decline although vacancies rose and rentals flat-lined. As with Sandton, crime and grime were identified as concerns for the residents, tenants and shoppers (The Rosebank Management District, 2006). The Business Plan of the Rosebank Management District identified major issues, which were confirmed by the perception survey, such as security, cleaning, informal trading and traffic flow (PUR 2000b).

From basic public services to urban design and town planning: the growing role of the CIDs

In Johannesburg, the delivery of urban services – water, electricity, waste disposal, road building and maintenance – was, and remains, the prime duty of the local government. It has limited functions in health, safety and policing and no responsibility for education (which is dealt with by the provincial government with substantial national involvement). The main financial bases of local government are property taxes - historically indexed on land values alone – and charges for services particularly electricity delivered by the city (MABIN 2004). In this regard, CIDs embody new forms of public private partnership in the delivery of services. With the Sandton Business Improvement District, KUM even acts as “Agent of Council” since it was given the mandate by the City of Johannesburg to collect the district levies directly from the property owners.

All CIDs provide security and cleaning services with some variations in the budget according to the areas: security services range from 71% of the 2001 budget of the
Central Improvement District in the CBD of Johannesburg to 54% of the 2000 budget of the northern Sandton Business Improvement District (CJP 2001, PUR 2000a). Surveillance and crime control, always one of the most urgent issues to tackle, involve the cooperation of the police and private security forces within CIDs with weekly meetings organised between the South African Police Service (SAPS), the managing bodies of the CIDs and the security organisations operating in the district.

The CJP and KUM are also managing the relationships between the city and the CID board on by-laws and legislation: this includes cooperation on law enforcement, informal trade management, taxi management, and land use change (KUM 2006). The Johannesburg council, in cooperation with business, changed the by-laws in 2001 in the inner city to prevent unregulated street-vending and remove street vendors in circumscribed markets. This was also the case in Rosebank where an African craft market was financed by business as a way of controlling street trade and formalising the respective relationships (SPIROPOULOS/FRASER 2003).

CIDs are active in the fields of urban design as well. They have developed a wide range of activities to provide a distinctive identity and market the districts. This is of particular importance in the suburban areas. Territorial strategies through branding and landscaping are intimately connected to the various practices of “place-making” and “place-promoting” featured in current European urban policy discourses (JENSEN 1997). Strategies have been developed to turn a satellite city business district into a cosmopolitan “village” (the Rosebank Management District); rezoning has been implemented in a residential area to develop a predominantly high profile corporate business node (Illovo Boulevard); efforts have been put into transforming an edge city and a secluded sub-urban node into a sophisticated and open “Enterprising Global Hub” (Sandton Central). Branding activities developed within the Sandton district focus on the strengthening of a corporate identity through an urban art programme and the clear demarcation of boundaries. Interventions and activities are actively diffused through the website and newsletters (Sandton Central 2004).

In the inner cities, urban design activities include the transformation and upgrading of public space through capital improvement, landscaping and pedestrianisation. Main Street, a voluntary CID in the inner city, is an example of a re-design and re-construction project destined to attract people back into the streets (Figure 2). This major redevelopment project, managed by the CJP after it was appointed as co-ordinator in 2003, covers six city blocks. With the re-design of the street, vehicular access has been limited, pavements have been extended to allow for open-air coffee shops and restaurants and trees have been planted along the streets. Attention has been paid to the historical identity of the area: a mining theme has been developed with new lighting based on 19th century city light standards and heritage artefacts related to the mining industry. This complements the concentration of mining houses and associations that still operate in the buildings that line the streets.5

5 www.cjp.co.za/catalyst.php
Braamfontein, a legislated CID in the inner city as well, is being developed as a mixed use sector comprising corporate head offices; commercial, retail, and cultural spaces; hotel and residential accommodations particularly for students sharing a new permeable border with the Witwatersrand University Campus (Figure 3). The corporate area delimited by the CID was upgraded and the Civic Theatre park and the National Ballet School were developed in a joint-venture with the Johannesburg Development Agency (JDA). A public square was created and urban designers and professional consulting teams created distinctive street lighting designed to cater to pedestrians, unique paving patterns and street furniture to give the area a clear identity. Future plans in Braamfontein include a new reception centre for the council offices, pedestrian linkages through to Constitution Hill (a cultural and historical precinct), public art, the re-opening of the historic Alexander Theater, as well as social facilities (a health care clinic), residential apartments and more sidewalk coffee shops. Newtown, a previously neglected western sector of the Inner city, is being developed as a mixed-used cultural

6 The JDA was established in 2001 as an agency of the City of Johannesburg (a limited liability company) to stimulate and support area-based economic development initiatives throughout the Johannesburg metropolitan area in support of Joburg 2030 – Johannesburg's economic development strategy for the next three decades. It associates members of organised labour, heads of business, community leaders and elected officials. The JDA is also an implementing agent of three Blue IQ projects. Blue IQ is the Gauteng Provincial Government's Plan for a Smart Province.

7 www.cjp.co.za/catalyst.php
precinct in the manner of Soho in London or Greenwich Village in New York, as part of the Cultural Arc\(^8\) and focuses on the creative industries. The provincial government, through its development agency Blue IQ, has also offered financial aid to this sector; demonstrating that the promotion of art, culture and history is also part of the regeneration strategy (CJP AND JDA 2004).

**Figure 3: Braamfontein Corporate Precinct**

![Braamfontein Corporate Precinct](image)


Lastly, CID\(s\) intervene in town planning and transportation, in particular through the development of precinct development plans. The Rosebank Management District (RMD) developed its own urban design framework, paid by Rosebank’s property owners. The RMD also engages with council on regular reappraisals on the nodal plan within the Regional Spatial Development Framework of the concerned Region. The Management District compiled the Rosebank Urban Development Framework which includes guidelines on public space, land use management, municipal infrastructure investment as well as private sector investment (FINWEEK 2007). Interventions in Sandton encompass the preparation of a planning strategy and an integrated Urban Design Framework. This framework aims at furthering landscaping (street furniture,

\(^8\) The Cultural Arc is a concept identified by a Professor at Wits University and taken forward by the Johannesburg Development Agency. It links Constitutional Hill through Braamfontein to Wits University’s new Cultural Precinct, and across the Nelson Mandela Bridge to the Newtown Precinct. Investment in physical infrastructure along the Arc is being complemented by policy and programming interventions. The Arc itself is beginning to extend towards Joubert Park and into the CBD (CJP AND JDA 2004: 30).
signage and banners in the public space), changes in architecture, improvements in pedestrian and traffic flows, improvements in road and service infrastructures, studies on the effect of the Gautrain on the flow of the area, and finally, of aiding the implementation of an urban management and municipal service plan.9

By embarking upon such ambitious restructuring programmes, suburban CIDs tend to exercise local authorities’ functions in urban planning and design in these specific fields. As pointed out by Levy it is too limited to see these organisations primarily as a new mechanism for municipal services delivery. In the USA, “having solved the easy problems” (LEVY 2001: 128) – or “got the basics right” as would be said in South Africa – the BIDs also deal with outdated regulations and land-use planning. Levy therefore underlines the leadership many of the BIDs exercise in shaping public policy and their emerging role in the management and governance of the cities (LEVY 2001).

A wide range of institutional and financial arrangements

CIDs in Johannesburg display a wide range of institutional and financial arrangements between public and private stakeholders, with different degrees of public intervention and different legal frameworks, as already seen. There are legislated CIDs under private management (including the Board of Directors and the management agency) operating with private funds derived from levies (Sandton, Rosebank, Illovo). There are also co-financing schemes between the private sector and public authorities. In Braamfontein, the education district adjacent to the Witwatersrand University, corporate property owners approached the CJP in 2003 to assist in co-ordinating funding for the upgrading of the public environment. The property owners secured funding of some R12 million.10 After some negotiations through the JDA, the City Council agreed to provide an additional R28 million for further public environment upgrading. A CID was established by the CJP in the upgraded area in 2004.11 Gandhi Square, a “special project” managed as a Safe and Clean Precinct within the Central Improvement District, is the result of an individual initiative that led to another type of arrangement (Figure 4). The CJP was approached by the owner of a property bordering the Square who wanted to address issues such as homeless people, street children, and petty crime because of their negative impact on the viability of the surrounding buildings. The CJP established a consortium consisting of the majority of property owners contiguous to the Square. A lease agreement over the Square was negotiated with the Council that required the consortium to upgrade the Square and maintain it at their cost. The consortium named the Square after Gandhi in recognition of the significant role that Mahatma Gandhi played in Johannesburg. When the project was completed in 1999 the CJP kept the responsibility on behalf of the Consortium to maintain and manage the Square.12

9 Interview with a former KUM director, Johannesburg, March 2005.
10 1 South Africa rand was approximately equivalent to 0,10 euro in May 2007.
11 www.cjp.co.za/catalyst.php
12 www.cjp.co.za/awards.php. Gandhi Square was awarded the Concrete Manufacturing Association Awards for Excellence 2000 “Premier Award” in the category of “Paving – Commercial and Community”.
Other examples of governance and financing arrangements include the appointment of the CJP for the co-ordination of a voluntary project in Main Street in 2003. The seed capital was provided by the City Council via the JDA and major funding supplied by property owners. The CJP managed the public space via a CID under the name of Main Street Mall. In Yeoville, a neighbourhood of various African cultures with exotic restaurants and markets, the JDA launched and funded an initiative to introduce the concept of CID by means of a pilot clean-up project managed by the CJP.13

3 CIDs and changing urban policies

While BIDs enjoy various forms of support from the public authorities worldwide (WARD 2007), it is Johannesburg’s CIDs which have found a supportive political context. Firstly, the continuing fiscal crisis of the local government, which became acute in 1997, could only welcome the private funding of public services. The budgetary crisis was the inheritance of long-term unpaid debts deriving from the rent and service boycotts during the apartheid struggle. It was also the result of rate boycotts in the former “white only” suburb of Sandton. During the 1995-2001 interim phase, when the design of local government was being negotiated, residents resisted the

13 www.joburghcetral.co.za/news.php#34
decision made by the newly elected local councillors to standardise rates across the metropolitan area (MABIN 2004).

Secondly, CIDs developed while the South African government was adopting its neo-liberal agenda at both the national and the local level. The neo-liberalism turn occurred quite late in South Africa compared to other countries. It is linked at the national level to the democratic transition of the 1990’s and to the gradual shift in policies by the African National Congress (ANC). As stated by NEL: “Under apartheid, Keynesian style policies were rigidly applied to ensure that the central state gained control over all aspects of the society, which led to the suppression of local initiative and the erosion of local autonomy” (NEL 2001). The ANC-led government started with a developmentalist orientation in the context of the 1994 transition. The state had to play an active role in the redistribution of domestic resources while implementing a policy that encourages competitiveness and promotes foreign investment. The well-known Reconstruction and Development Programme (RDP) illustrates an ambitious state-centred and equity-driven policy framework in response to the country’s legacy of discrimination and retarded development (ANC 1994). However with the Growth, Employment and Redistribution (GEAR) programme in 1996, a more efficiency-driven process of development based on public private partnership, the ANC signalled its commitment to a neo-liberal economic agenda in line with worldwide trends. This policy laid the foundation for a market-driven economic expansion and growth that relegates the state to mere facilitator (BEALL et al. 2002). In terms of a neo-liberal turn, South Africa’s specificity is intricately tied to the importance of internal factors, as opposed to externally imposed structural adjustment policies as was the case in other African countries. The militant group, South African Comrades for the Encounter, describes this specificity with the concept of “home-grown structural adjustment” borrowed from Bond (South African Comrades for the Encounter 1997).

At the local level, according to the 1994 orientation, local governments were required to lead the development process in close cooperation with citizens and stakeholder groups, in contrast to the previous top-down approach (PIETERSE 2002). The aim of the developmental government was to tackle the dual nature of the cities, in particular issues of social justice and pro-poor development.

But neoliberal policies were observed at the local level as well. This is evident in Johannesburg with the controversial “iGolie 2002”, a 3-year policy and planning process drawing on cost-recovery and business principles. It was said to symbolise the rise of neo-liberal tendencies within the council (BEALL ET AL. 2002). It paved the way for the adoption of the single unitary metropolitan structure and the shift towards the privatisation and the outsourcing of public services (MABIN 2006). This “corporatist approach” as referred to by MABIN entails some key neoliberal characteristics observed elsewhere such as bureaucracies replaced by “professionalised quasi-public agencies”, and “decisions […] increasingly driven by cost-benefit calculations” (LEITNER ET AL. 2007: 4). This shift was later reflected in the Joburg 2030 strategy initiated by the City of Johannesburg whose aim is to transform Johannesburg into a “world-class city” with a strongly outward-oriented economy, specialised in the service sector (ROGERSON 2005). The Joburg 2030 strategy for economic and urban regeneration includes
marketing of the metropolitan area, privatisation, infrastructural redevelopment and inner city renewal. Apartheid legacy and poverty-related issues are addressed by a range of key projects including the development of the “Bara-link” economic and transport corridor linking the centre of Johannesburg to Soweto and a series of other projects targeted to township tourism and support to Small and Medium Enterprises (City of Johannesburg 2002). The inner city is also targeted for the development of precincts in partnership with the private sector (BREMNER 2000).

According to Malbert and Kain Joburg 2030 favours interventions directly supporting economic development and business interests. Social issues such as poverty, health, crime and insufficient services are regarded as obstacles for economic growth: “[...] the Joburg 2030 vision can be questioned as being too narrowly focused on economic growth without making clear the necessary interrelations with other dimensions of sustainable development, such as the environment and the needs of the urban poor” (MALBERT/KAIN 2004: 15). The authors also point out that the 2030 strategy was conceived by a restricted number of experts with little or no input from a wider range of inhabitants (MALBERT/KAIN 2004). In the Draft Inner City Regeneration Charter of 2007, which is the result of 6 months of dialogue with a wide range of Inner City stakeholders, it was acknowledged that City efforts “have sometimes been seen as localised, fragmented and episodic and have been critiqued as not always sensitive enough to the circumstances of poorer residents and informal businesses” (City of Johannesburg 2007: 4). It is suggested that a “balanced way” will be developed in order to accommodate all people and interests (City of Johannesburg 2007: 5).

The City of Johannesburg supports the CIDs as part of the Inner City Regeneration Strategy developed by the City of Johannesburg in line with the Joburg 2030 strategy and the Vision for the City as “the golden Heartbeat of Africa” (City of Johannesburg 2004). The Inner City has been one of the Mayoral Priorities for the 2000-2005 electoral term. CIDs and this strategy share common goals. The goal of the Johannesburg Inner City Regeneration Strategy and Business Plan 2004-2007 is to “raise and sustain private investment leading to a steady rise in property values” (City of Johannesburg 2004: 11). Known as the “five pillar strategy”, it focuses on addressing sinkholes, undertaking intensive urban management, maintaining and upgrading infrastructure, promoting ripple pond investments and supporting economic sectors. The policy is oriented towards enabling and supporting investment with a vocabulary borrowed from economic analysis: the environment must be “competitive”, “understandable” and “predictable” (City of Johannesburg 2004: 8).

CIDs are included in the Inner City Strategy under the objective “Undertake intensive urban management”. This objective includes efforts to ensure effective by-law enforcement, management of informal trading, regular or improved delivery of services and utilities, and maintenance of the public realm. CIDs represent alliances between private and public interests around key issues, in particular in the inner city, where stakeholders work even more closely together. The alliances between business and property owners and the metropolitan council can be explained by a convergence of interests as far as maintenance, improvement and control of urban space are concerned. CIDs contribute to enhancing the city’s economic value through the strengthening of the
property market: the appreciation of property values and business activities in the nodes generates more tax revenues for the local government (SPIROPOULOS/FRASER 2003).

4 Assessing the socio-spatial implications of CIDs

While BIDs have been widely acknowledged as an efficient regeneration tool based on successful international examples, their impact on urban patterns and local democracy needs to be explored (PEYROUX 2006, HOYT/GOPAL-AGGE 2007).

The risks and implications of CIDs as pointed out in the Northern cities in terms of “fiscal exclusivity” and “splintering” management and privatisation of streets (GRAHAM 2001) have a highly political significance in South Africa. By creating distinctive fiscal and service enclaves, CIDs give rise to concerns about the risk of reinforcing spatial inequalities: wealthy suburbs where businesses and property owners have the ability to pay additional taxes versus low-income townships whose commercial and economic bases remains poor. It is acknowledged that CIDs tend to be run largely by “blue-chip corporations” as small property owners in areas affected by decay cannot afford extra expenses.14 The fact that a transposition of the CID concept in low-income areas is currently being explored by the City of Johannesburg shows that this potential shortcoming has already been taken into consideration (in Lenasia for instance). On the other hand, proponents of CIDs see them as a way to provide opportunities for upgrading and enhancing public spaces without burdening the state. By doing so, they also see a benefit for public authority. As stated by the former CJP director, in an urban context characterised by strong structural inequalities, “CID areas should maximise the income that a city council produces in that area in order to provide the excess to be spent in previously disadvantaged areas”.15 Whether this form of cross-subsidising will become effective remains to be studied and proven.

The risk of “protection for profit” and “sanitisation” of public places (ZUKIN 1995) within CIDs – highlighted in the Northern cities (DINGES/SACK 2000; EICK 2006) – also raises concerns in South Africa. While the crime prevention component of CIDs might work towards a safer environment more conducive to social life, enforcing more control and surveillance of public space according to profit-driven strategies is seen as a potential source of discrimination and exclusion for certain segments of the population, in particular marginal social groups – street vendors, sex workers, the homeless – who rely on public spaces for their material maintenance (GULIK 1998; EICK 2006). The issue of access to public space is highly sensitive in Johannesburg where social and racial mixing within public spaces is one of the main challenges. Scholars working on private policing and gated communities have already pointed out the risk of a new urban apartheid based on socio-economic lines (SHEARING/KEMPA 2001; LANDMAN 2002).

14 www.joburg.org.za/business/partnerships.stm
15 Personal correspondence with the former Executive Director of the CJP, July 2005.
Finally, as CIDs are implemented to defend the interests of property owners and corporate businesses, the main question revolves around how private and public interests are balanced in issues raised and dealt with by these organisations (BRIFFAULT 1999). As pointed out in the analysis of Urban Development Projects (UDPs) in Europe, one might question how and to what extent these new forms of private governance are characterised by “less democratic and more elite-driven priorities” (SWYNGEDOUW/ MOULAERT/RODRIGUEZ 2002: 542). This can be linked to the debate on the decline of the public sphere raised in the current American system, which suggests that issues are invented and defined by organised interest groups and that the role of ordinary citizens is reduced (LIGHT/SMITH 1998). In South Africa, CIDs foster new forms of local participation and community empowerment – two major issues in the political agenda associated with community development. However, this form of “shareholders’ democracy” (GLAZSE 2003) might not be the best option to fulfil these political expectations. Scholars have suggested CIDs may lead to a perversion of the concept of community development as interests differ between owners, tenants and users, while property owners and businessmen, who detain voting privileges, might not be from the community themselves (GROSS 2005).

Conclusion

CIDs emerged and developed in Johannesburg in a context of a shifting economic basis that has transformed the former mining and industrial city into a metropolitan centre dedicated to financial and business services. CIDs fit into the new economic paradigm that links urban renewal with the search for economic growth and competitive restructuring driven by the vision of Johannesburg as a “World-Class African City”. Their development has taken place as the ANC has sparked off a neo-liberal turn through a macro-economic programme focusing on market-driven economic expansion and as the City of Johannesburg adopted a more proactive and entrepreneurial approach to urban management, as the case in Europe and North America (HALL/HUBBARD 1996; HARVEY 1989). As pointed out in relation to Urban Development Projects (UDPs) in European Cities, CIDs embody “the gradual shift away from distributive policies, welfare considerations, and direct service provision towards more market-oriented and market-dependant approaches” (SWYNGEDOUW/MOULAERT/RODRIGUEZ 2002: 548).

As shown by the two private management agencies that handle CIDs in Johannesburg, experts and consultants are actively involved in the transfer and the adaptation of the CIDs model. They are playing a growing role in diagnosing local urban problems and designing solutions that go beyond supplementing cleaning and security public services. In the CIDs’ suburbs the board of directors and the managing agency tend to take over local authorities’ functions as initiators and managers of more ambitious urban design and planning projects. As with the UDPs, the relation of CIDs to existing planning instruments and regulations has become a central issue to understand current shifts in urban management. The various forms of governance and financial arrangements taken by the CIDs also tend to blur the boundaries between private and
public management as both these organisations and the local authorities, driven by similar interests, follow the same logic of entrepreneurial urbanism.

The implementation of CIDs also raises issues with regard to the goals of redistribution and the fight against the inequalities. CIDs risk accentuating intra-urban inequalities and social polarisation through interventions targeted to improve land and housing values and projects prioritising economic objectives over social issues. Through the rationalisation of urban management CIDs could disconnect local issues from a broader framework of analysis. Again this is very similar to one of the key critics made against the New Urban Policy in European cities: “[...] the limited and spatially targeted interventions associated with project-based urban restructuring policies prevent (neighbourhood) movements from transcending the localized issues associated with a project’s implementation and from translating these social demands into more generalised policy models at higher spatial scales” (SWYNGEDOUW/MOULAERT/RODRIGUEZ 2002: 575). While being acknowledged as a success story (HOYT/GOPAL-AGGE 2007), the transfer of the CID model in cities characterised by strong socio-economic and spatial inequalities, should be implemented with caution.

References


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