

LEARNING OUR LESSONS INTERNATIONALLY

Foreword by
Neville Schaefer
CEO Trafalgar

IT IS an international human phenomenon to believe the situation prevailing in your own country and city is unique. There is a sense of being able to carry the weight of the world on your shoulders because your problems are so overwhelming and the solutions too elusive.

Yet, by broadening our world view and considering the experiences of others, those problems are not without premise and the solutions not insurmountable. There are other countries and cities that have faced – and resolved – the same issues and in asking for or investigating their approaches, their pathways to success offer hope.

Inner cities around the world share the same problems. Each one has experienced a time in their history where the degradation and neglect has created cesspools of slum lands rife for building hijackers, greedy slum lords and yet still home to thousands of people desperately seeking a better life than the one from which they are trying to escape.

This is the sixth annual edition of the Trafalgar Inner City Report and the first in which it has been launched via the internet. It thus made sense to consider international experiences against South African inner city issues to achieve a holistic approach to these areas.

What has emerged is a universal approach to a universal problem. Whether in Toronto, Washington DC or Johannesburg, when communities work together with a sense of neighbourliness, the result is an improvement in the apartment block, the city block, the area and finally, the precinct.

City improvement districts have a universal track record for resolving crime and grime in a neighbourhood – and when local businesses play their part, supporting homeless eradication and employment-creation initiatives, the impact is exponentially greater.

Balancing the demands for social housing to house the poor and the requirements of the private sector to generate profits is another worldwide issue. South Africa's approach by legislating a proportion of developments as inclusionary housing products – aimed at lower-income recipients – is also not without premise. Curitiba in Brazil and The Bronx in New York have both grappled with these issues and via negotiations developed a solution that works in the local context. Each city management has learnt from the experiences of the pioneers before them.

Locally, South African cities are slowly coming to terms with their inner city problems. Pretoria is showing signs of moving out of the crisis in which it has been embroiled for several years, while Johannesburg is still learning and requires time to absorb those lessons.

Durban and Cape Town have turned the corner as city management demonstrates its willingness to invest in large-scale projects that tackle the underlying problems of poverty and unemployment to generate economically-useful inner city residents. Port Elizabeth and East London have their own problems linked to geography and investor reluctance, but even these cities are moving in the right direction for rejuvenation.

Around the world, inner cities are places bustling with people; alive with opportunities and a haven for investors willing to take the risks. The Trafalgar Inner City Report 2007 is a reflection of these dynamics locally and abroad.

Neville Schaeffer
Chairman, Trafalgar

Acknowledgements

We would like to thank the following for their kind assistance and input into the report: Greg Ardé, Pauline Larsen, Ian Fife, Angelique Ardé, Angela Graham, Nicola Jenvey and Michael Viljoen – in addition to all the people at Trafalgar that contributed to the publication of this report.

Disclaimer

While every effort is taken to ensure that the information contained in this report is accurate, TRAFALGAR cannot be held liable or responsible for any inaccurate statistics or information contained in this report based on material supplied to us.

Trafalgar Inner City Report 2007

Executive Summary

Learning Our Lessons Internationally

INTERNATIONALLY inner cities share the same problems, historically experiencing cesspools of slum lands rife for building hijackers, slum lords and yet still home to thousands.

The sixth Trafalgar Inner City Report considers world understandings against South African inner city issues, effectively demonstrating universal approaches to universal problems. Redevelopments in Toronto are incorporating mixed-use housing and integrating residential and commercial opportunities to minimise the ecological footprint.

Downtown Johannesburg in South Africa, Curitiba in Brazil and The Bronx in New York each boast successful social housing projects. Yet, the United Nations estimates that more than 40% of the world's population in 2030 will require assistance with housing – and the problem comes in adopting clever funding to accommodate urban housing and avoid slums.

If the poor need micro-financing mechanisms for house purchases, logic dictates the demand for a large long-term rental stock. Heralded as a success, the Johannesburg Housing Company has created more than 2,000 inner city housing units since 1995 either by refurbishing existing buildings or building from scratch.

However Habitat for Humanity believes the country's complicated past counters against social housing projects offering sufficient profit to attract the private sector. This calls on the government to set policy guidelines and monitor social capital created through profit-driven projects.

Essentially, inner cities depend on individual urban economies. In West African trading cities, there are synergies between the market-places and public transport access, whereas the economic focus in manufacturing cities shifts to the suburbs.

South African inner cities lie in between, benefiting from relatively strong institutional frameworks while facing vast socio-economic pressures. As the country focuses on mixed-use and inclusionary housing, international experts point to successes in Toronto, Boston and Washington DC where old-style housing estates are being replaced with integrated communities. Mixed-income housing counters ghetto development. The estates are designed with less density, higher-quality construction and a careful mix of buyers, integrating communities with nearby social amenities and surrounding neighbourhoods.

Although not a golden rule, a split of 20% low-income units mixed with 40% moderate-income and 40% market buyers has proved its worth. There is also a growing realisation that the power asserted by the poor living in South Africa's inner cities is a movement that should be harnessed, not suppressed. Although not a sentiment overwhelmingly supported, it has become the nub for serious debate.

The growth of city shack settlements and makeshift inner city dwellings leaves little doubt that most migrants are trekking to the urban areas for jobs and better access to schools and hospitals.

This flood is straining the infrastructure as the government fervently spruces up South Africa ahead of hosting the 2010 Soccer World Cup. Proposed law changes are impacting on squatter communities and the homeless, yet the country only has to look to Brazil to realise these problems are not without premise.

Essentially, the Brazilian constitution has embraced informality and land invasions are seen as a human needs-led development - a process that desegregates and positively shapes urban space.

Locally the proposals leave little room for the landless to be active agents for change in accommodation policies and practices; rather pushing people into insecure sub-divisions or overcrowded rooms vulnerable to exploitation. Neighbourliness is not a big thing in cities. Big city anonymity leads to anti-social behaviour that turns neighbourhoods into slums.

Yet Johannesburg residential property owners have reached out to help each other, demonstrating that it helps when people get neighbourly in the downtown precinct. The inner city has evolved into a melting pot for African cultures, accommodating floods of foreign Africans seeking a better existence. The Zimbabwean crisis is generating thousands of refugees who secure South African identity documents relatively easily and thus muddy the waters on exact numbers of foreign Africans residing in South Africa.

Yet, the over-riding lessons demonstrate that when communities work together, neighbourhood improves and metropolises are resolving their inner city problems. Pretoria is moving out of crisis mode, while Johannesburg requires time to absorb the lessons. The former city's residential stability is an aspiration for the latter as reflected in a brief glance at average flat prices.

Durban and Cape Town have turned the corner as city management invests in large-scale projects to generate economically-useful inner city residents. Durban has the foundations of a world-class city, particularly given its sound financial management, favourable geography enhancing trade and open space on which to develop an Olympic sporting arena around the R1,8bn soccer stadium under construction.

The inner city has also never touched Johannesburg's depths. Yet, there is recognition that Durban's performance has been constrained by the lack of partnerships; excessive focus on major capital projects and too little attention to real urban management systems that alter the quality of living and working environments.

Cape Town's problems are nowhere near Durban's, but the inner city partnership has developed innovative programmes paying handsome dividends. The project has seen business and the city fathers collaborate on social and economic processes and work at a street level in meaningfully responding to grassroots issues.

In the Eastern Cape, Port Elizabeth and East London are moving in the right direction for rejuvenation. Plans were outlined three years ago to regenerate the Port Elizabeth central business district and redevelop the southern part of the harbour for retail, residential, office and tourism developments – and indications are this is well on its way to being accomplished.

The East London beachfront is characterised by a mix of modern hotel and office buildings and older, neglected buildings that have not seen renovations in many a year.

Compounded with a fair amount of under-utilised beachfront land and the East London inner city, it translates into prime real estate for rejuvenation and redevelopment.

Different cities face different inner city challenges, but the common themes add value for city thinking worldwide.

The Mechanics of Inner Cities

Pauline Larsen

IN DIFFERENT cities, inner cities mean different things and they often require different approaches as a result. In Toronto, the downtown is still the financial heartland and home to the Toronto Exchange or TSX on corporate Bay Street. It is a world away from Johannesburg, where the inner city is a place of revitalisation and buzzing development, but the financial core lies in Sandton in the city's chichi northern suburbs.

The importance of inner cities largely depends on the structure of individual urban economies, says Pelle Persson who specialises in city development strategies at the Cities Alliance in Washington DC. In West African trading cities, for instance, the location of central market-places and public transit access is pivotal, whereas in manufacturing cities, economic activities shift to the suburbs, weakening the inner city. That phenomenon is being seen in many rapidly-urbanising Chinese cities today.

"In amenity and service cities, there is a shift back to the inner city, especially where there's a focus on heritage, culture and tourism," he adds.

But the experience of inner cities is also often different in developing and developed countries. In developed countries, adds senior Cities Alliance urbanist Farouk Tebbal, inner cities tend to progressively revitalise, usually into upmarket residential neighbourhoods and busy commercial nodes.

"They are generally void of industrial or manufacturing activities, which relocate to peri-urban areas or along corridors," he explains. London, Barcelona and Washington DC have all seen this trend.

In developing countries, inner cities are a more complex animal, juggling rapid urban growth with a mish-mash of housing demand and industrial uses - think Mumbai in India or São Paulo in Brazil.

South Africa's inner cities lie somewhere in the middle, having the advantage of relatively strong institutional frameworks, but facing enormous socio-economic pressures. The greatest challenge confronting South African inner cities in the 21st century might indeed be urban poverty.

Part of that challenge will be meeting the need for housing across a range of residential options. A diversity of housing makes inner cities more integrated, efficient and ultimately more successful. In North America mixed-income housing is the model emerging as the best safeguard against inner cities degenerating into ghettos. However, while high-end residential development usually drives itself, affordable housing typically requires some kind of intervention, such as government securing well-located land or establishing inclusionary housing policies.

"Fifty years ago, North American governments opted for isolated, large-scale, low-income housing projects because they exploited economies of scale. Today, integrated and mixed-income communities are replacing those projects and engaging with the surrounding city again," explains urban planner Frank Lewinberg, who has worked on housing projects both in North America and South Africa.

Private developers may be getting more involved in providing affordable housing, but business in a wider sense is also taking on a greater role in tackling inner city social problems, as indicated by urban managers. Quality of life crimes like aggressive begging or hawking - traditionally left to local authorities - have moved into the spotlight and the business sector is stepping up to the challenge. City Improvement Districts (CIDs), as business associations, are increasingly adopting social advocacy roles and engaging with urban problems like crime and homelessness.

Managing derelict buildings is another example of where targeted intervention can alleviate location problems in inner cities. Advocacy groups like the US-based Campaign Against Vacant Properties are trying to make inroads into the issue by reclaiming vacant and abandoned properties in urban neighbourhoods. They achieve this by providing an expert pool of knowledge into which cities can tap.

There is also a growing acknowledgement that inner cities need to be green, especially as they compete for tenants with the newer, environmentally-friendly developments in the suburbs. In Toronto, even the affordable housing projects are going green, says Lewinberg.

"In redeveloping Toronto's Regent Park housing estate into mixed-use housing, we are using standards that meet the requirements of LEED Gold," he explains. The Leadership in Energy and Environmental Design (LEED) programme is a green accreditation programme run by the Canada Green Building Council and its gold standard is one of the highest available in North America.

In inner cities, the idea is that neighbourhoods need to be both socially and environmentally sustainable, says Lewinberg. Indeed, active and integrated downtowns are becoming something of an ideal for urban planners wanting to create a live/work/play lifestyle. It is something likely to be taken forward by targeted planning like Johannesburg's recent inner city charter, which reflects a real commitment to what was once South Africa's most beleaguered inner city.

In large urban areas, planners are putting in place explicit growth strategies in an attempt to match the demand for housing, jobs and transit in a meaningful way, while simultaneously minimising costly and inefficient sprawl. In that way, Toronto and Johannesburg may not be so different. The City of Johannesburg's 2030 economic plan and new densification policy aim to understand and channel city growth, as does Places to Grow, a growth plan for the greater Toronto area.

Different cities may face different challenges in their inner cities, but there are common themes and lessons learned that add value for city thinking worldwide.

Housing The World's Inner Cities

Greg Ardé

DOWNTOWN Johannesburg in South Africa, Curitiba in Brazil and The Bronx in New York: these are but a few stops you could make on a world tour of successful social housing projects.

There is no shortage of good ideas to house the poor or shining examples of how to do it. Why then are there more homeless people than good ideas and goodwill?

Post-apartheid South Africa has immersed itself in an effort to house the poor. The government has built 2-million houses since 1994, but this has not stemmed the tide and people still flock to urban areas. It is a global phenomenon, one where mega cities are what planners call "magnets of hope" for the poor.

In his controversial 2006 book *Planet of Slums* author Mike Davis paints a bleak picture of a world where over a billion people eke out a living in Dickensian squalor in inner cities.

The United Nations Habitat's 2005 report *Financing Urban Shelter: Global Report on Human Settlements* says by 2030 more than 3-billion people or 40% of the global population will need assistance with housing.

As the UN report suggests, the problem is money. Not just piles of cash, but clever financing to cater for urban housing, plus a host of social and economic interventions to avoid slums spiralling deeper into pits of misery and crime.

There are other projections.

According to the 30th edition of the UN Population Fund's *State of World Population Report* www.unfpa.org/swp/ released in June 2007, by next year for the first time in history, more than half of the world's population or 3,3-billion people, will be living in urban areas.

This number is expected to swell to almost 5-billion by 2030. In Africa and Asia, the urban population will double between 2000 and 2030, requiring pre-emptive action to prepare for future urban growth, the report says.

In New York, mayor Michael Bloomberg has unveiled *Via Verde* or the *Green Way* - a plan to develop over 200 new houses in a range of residential spaces with shops, parking and tiered, rooftop gardens beginning as street level courtyards and climbing towards terraced roofs. (http://www.aiany.org/NHNY/Legacy_Press.html)

The gardens, top city architects and politicians hope, will be used for fruit and vegetable cultivation. The project is being built on an old city rail yard in The Bronx and presents an alluring alternative to the pessimism of what has been predicted.

In Curitiba, Brazil (http://oregonfuture.oregonstate.edu/part4/pf4_03.html)

long held as a model of social housing, city officials say they have built more than 27,000 low cost houses in under 17 years, using pioneering construction methods and taxes levied from private residential developments. Curitiba officials say innovation has led the charge in meeting challenges associated with social housing. A public transport system, mostly buses, operate in concentric circles around the city, ferrying 1,6-million people cheaply everyday. Two thirds of the city's rubbish is recycled with children collecting waste in return for quality toys.

Scepticism acknowledges there is more to Curitiba than the spin-doctors say, but on the whole, it seems a role model for urban development and social housing.

At the heart analysts and those working in the field acknowledge successful social housing projects are not about houses alone. Developments need to be mixed income to avoid the stigmatisation of social housing and to provide aspiring families the opportunity to move up the ladder to something bigger and better when they can.

Proximity to work is another feature of successful housing projects.

Early in 2007 UK Secretary of State for Communities and Local Government Ruth Kelly MP made a speech about a report she had commissioned into British social housing.

"Housing solutions go beyond bricks and mortar. The lack of a decent home can prevent people from developing and learning, which affects their educational performance and their long-term job prospects," she said.

The new accent on social housing, Kelly said, was on social and economic mobility. The report suggested that living in social housing might make it "even harder to get a job".

However, despite the pitfalls of social housing and the need for it to be responsive to people's aspirations, funding still remains a problem. The UN Habitat's report says in many countries, incomes are too low for people to afford housing. The poor cannot afford the

deposits and mortgage criteria set by banks, thus precipitating “informal” financing means.

According to the report, the poor’s access to shelter finance may depend on social networks based on religion, family or ethnicity. Most urban poor can only afford to build in stages, when money becomes available. Micro-finance institutions have become important players in recent years, as have community funds, often linked to housing cooperatives and rotating savings and credit societies.

“Community-based financing of housing and services has been used for both settlement upgrading and for building new housing on serviced sites. It has also been used to enhance the access of poor households to housing subsidies by providing bridge financing,” says the UN’s website <http://www.unhabitat.org>.

If the poor need micro-financing mechanisms for house purchases, it stands to reason that a large long-term rental stock is required. In an article penned by Phillipa Garson, the Johannesburg Housing Company (JHC) story stands up as an example of success.

She says since 1995, the JHC has created more than 2,000 housing units in or near the city, either by refurbishing existing buildings or building them from scratch.

Quoting JHC CEO Taffy Adler, Garson says:

“Despite the post-transition hype around home ownership, there was a realisation that there would always be significant numbers of people wanting rented accommodation.”

Elize Stroebel from the Irish-headquartered International Housing Solutions says much of the financing challenge lies in making deals attractive to the private sector.

“We give equity for larger projects and allow developers to reach economies of scale to make their margins.”

Is There Private Sector Profit in Social Housing?

One of the most successful non-governmental housing stories in South Africa is Habitat for Humanity, a Christian-based NGO that counts former US president Jimmy Carter as a patron. Since 1979 the organisation has built 30,000 houses in Africa and also operates in developing countries outside of Africa.

Habitat Programme Development Director in South Africa, Grant Edkins, says the vision encompasses a world in which everyone has a decent place to live. He defines social housing as a product designed for medium to high density - housing or flats - surrounded by a “sustainable, integrated community”.

“Habitat SA has never built flats. Our general product has been free-standing single homes. Possibly in time, with urbanisation affecting the availability of land, Habitat SA will look at a social housing scheme, but these are hard work from a community perspective,” Edkins says.

He reasons there are hoards of stakeholders with different demands and whoever has the job of delivering on expectations usually fails and has to cut corners.

“The South African government social housing schemes are usually way over budget (and) the N2 gateway project in Cape Town is an example of best intentions, poor implementation,” he says.

He cites the best international example of social housing as being a project delivered by Habitat in the Philippines (<http://www.habitat.org/ame/build/ap/160.aspx>) and believes this model can be replicated in South Africa.

However, is there sufficient profit in South African social housing schemes for private sector interest? Edkins believes the margins are too small. The country’s complicated social past has left housing as a key focal point of conflict for the poor and marginalised and thus the government sees controlling social housing initiatives as a political tool for votes.

“Governments need to set policy guidelines ...and to monitor social capital created through profit driven projects. Social housing recipients should be people who want to live together and are prepared to self-regulate their behaviour,” he says.

Essentially, people cannot be told where to live and the recipients must contribute. Money, time and sweat or a negotiated combination of these three elements is required.

Mixed Incomes, but not Mixed Results

Pauline Larsen

AS SOUTH Africa shapes its thinking around the ideas of mixed-use and inclusionary housing, international experts point to the success these approaches are already having in cities like Toronto, Boston and Washington DC. Here, the old-style housing estates of the past are being torn down and replaced with what analysts deem as healthier, more integrated communities.

“Mixed-income housing is a counter to the (development of ghettos) created by large sprawling housing projects. It is a chance to rebuild these estates into a positive asset with better social outcomes,” explains John McIlwain, a senior fellow and housing expert with the Washington-based Urban Land Institute (ULI).

Research done by the ULI has scotched many of the traditional myths about mixed housing, but there are guidelines from international experience as to what makes mixed-income housing successful.

The priority is a high-demand location. Traditionally the first rule of real estate, it is no less important when dealing with affordable housing, especially when market buyers are part of the mix.

Mixed-income estates need to be designed with less density, higher-quality construction and a careful mixture of buyers. High-rise residential buildings are a no-no and, as McIlwain points out, communities need to be integrated with nearby social amenities and surrounding neighbourhoods.

“Make sure market buyers get real value for money at the outset and that the market units are sold before the lower-income units are occupied,” elaborates McIlwain.

Although housing analysts emphasise there is no golden rule, an approximate split of 20% low-income units mixed with 40% moderate-income and 40% market buyers is a typical breakdown for mixed-income developments.

However, most critical of all – a lesson inner city property management companies in South Africa like Trafalgar have learnt – is effective, consistent and specialised management.

“Mixed-income communities are made up of different residents, with different values and behaviours. Management needs to ensure they all abide by a common code to respect their neighbours,” adds McIlwain.

In Washington DC, the Housing Opportunities for People Everywhere (HOPE) VI initiative was established in the early 1990s to redevelop housing projects along mixed-income principles. In Boston, the Harbour Point redevelopment successfully converted a housing project into a mixed-income neighbourhood.

It is an approach that housing agencies like the Johannesburg Housing Company, which last year won a United Nations Habitat Award for its work in providing affordable housing, has already used at the thriving Brickfields community in Johannesburg’s revitalising Newtown precinct.

However, there are disadvantages to mixed-income housing.

Principally, affordable rental housing can be subsidised over its lifetime, but with housing for ownership, only the first buyer can be assisted and thereafter the secondary market takes over.

Internationally, creative ways are being used to address this constraint. In Toronto, not-for-profit affordable housing developer Options for Homes registers a second mortgage over its affordable housing units. According to president Mike Labbe, the mortgage represents the difference between the cost of creating the unit and the market value of the unit, meaning there is no actual cash required from the buyer.

“A second mortgage is designed to prevent a person from buying a low-cost unit at below market value and flipping it for an immediate profit,” he adds.

Another disadvantage is the loss of affordable housing units, something particularly prevalent in the redevelopment of traditional low-income housing projects.

“The opportunity cost is that a proportion of affordable housing units are lost and cities need to figure out a way to replace them,” explains McIlwain.

One solution is to create an inclusionary housing policy (IHP) that builds new housing units as a component of every new residential property development. In South Africa, the delicate balance of providing affordable housing is being played out right now as the country’s draft IHP is debated.

Inclusionary housing is a familiar model internationally, says Frank Lewinberg, a respected urban planner who has been involved in hous-

ing projects both in Canada and South Africa.

“It is based on the idea of twinning upmarket housing development with lower-income housing delivery,” he says.

For South Africa's inner cities, what is not yet clear is how inclusionary housing will be implemented. Lead consultant Dan Smit believes inner cities – in theory at least – hold great opportunities for inclusionary housing, because the price differential is not as pronounced as in the more affluent suburbs. This makes the inner cities more attractive to developers.

Currently, the draft policy does not apply to existing properties, only kicking in where owners and developers use the town planning mechanisms to undertake renovations or redevelopment.

Smit says densification projects are one likely example where the IHP will come into effect.

Yet, to be successful, analysts say, the IHP must get private developers on board – and it is a tough sell. The top-end of the market is juicier and offers profit potential especially where land is pricey.

“The trick is not to stop developers, but rather make it worth their while, or a necessity for doing business. They will rise to the occasion and find creative ways to make projects viable,” Lewinberg says.

And it seems to be working in North America. Today, says McIlwain, about 90% of the affordable housing developers with whom he deals are profit-driven.

South African inner cities have one big advantage, however: they are revitalising and since developers focus on opportunities in strong-growth areas, Smit adds, that is a real draw-card.

He also points out that at about 60,000 homes annually, the private sector builds a relatively small portion of South Africa's housing units. Of that figure, approximately 16,000 units are affordable. In contrast, the government averages 200,000 units of low-income housing alone, every year.

“The reality is that the actual number of inclusionary housing units will be relatively small,” adds Smit.

Fighting the Good Fight

Pauline Larsen

BUSINESS in many North American inner cities is assuming a more proactive role in tackling a wide array of social problems, the so-called quality of life crimes - and they are using a mechanism already well-established in South Africa, namely City Improvement Districts (CIDs). CIDs were originally set up as not-for-profit business associations dedicated to fighting crime and grime in risky city centres. However, they have evolved into organisations with advocacy, marketing and strategic planning objectives in addition to the traditional "clean and safe" focus.

In cities as far afield as Denver or Washington in the US, and Winnipeg on Canada's prairies, CIDs are giving business a real way to engage with social problems in the urban environment.

Quality of life crimes include panhandling or aggressive begging, drug problems and nuisance behaviours and many of these are either directly or indirectly linked to homelessness.

The traditional approach to these crimes has been law enforcement, but this is only a stop-gap and then only if police resources are available and effective by-laws are in place. More often than not, panhandlers are fined or moved along, but are back on the street within a couple of days.

Some cities have put in place innovative initiatives to spotlight panhandling in the downtown. Several Canadian cities are using police cadets to address panhandling and other nuisance crimes as part of their internship program. In the US cities of Philadelphia or Atlanta, specialised community courts have been set up to more effectively intervene when panhandlers suffer from addiction or mental health problems.

The problem with beefing up anti-hawking (or panhandling) bylaws is that it can be politically tricky and a lengthy process. Attempts to prevent beggars from using public space are not always legally defensible, something pointed out in research on this issue posted by research institutes like the Centre for Problem-Oriented Policing, a not-for-profit collaboration between universities, researchers and police in the US.

Where businesses are making a difference, though, is with public education campaigns, many of which are linked to social agencies operating in the downtown.

These campaigns do not prevent people from giving money, but rather encourage them to donate more constructively. Chet Grey, director of homeless services at Downtown DC business improvement district, says Washington DC prefers promoting the support of charities, not individuals. "We have tried the enforcement route, but public education is more effective," he says.

Downtown DC has taken the further step of establishing Downtown Service Centres aimed at reducing homelessness in the precinct and the city publishes fact sheets on poverty and homelessness to foster awareness of these social issues.

In the Canadian city of Winnipeg, the Change for the Better programme encourages visitors, residents and workers in the downtown to drop coins into collection boxes instead of giving to beggars. At the same time, they can pick up a blue plastic Help Key, which is redeemable for social services - a meal, fresh clothes, counselling or just a shower - at six downtown shelters. The idea is that instead of spare change, visitors can hand out a Help Key to panhandlers, to give them access to support services.

So far, the program has raised more than US\$50,000 for social agencies operating in the city's downtown.

In Seattle, a similar initiative called Have a Heart, Give Smart aims to educate people about illegal nuisance behaviours and what to do about it. Managed by the Downtown Seattle Association, the programme distributes posters and brochures listing social services available in the downtown. Cities like Seattle and Washington DC both offer online and printed street information cards listing alternatives for donating and information on outreach services and charities in the inner city. Downtown Denver even has an online donation website where money is collected for local social agencies. The bottomline is that business is cottoning on to the fact that it can play a pivotal role in making inner cities better places. The provision of affordable housing and engagement with social issues, are as important as affluent development at the top-end of the income band and that is a win-win for inner cities.

Want to find out more? Check out how these North American CIDs are tackling inner city social issues

- Go to Winnipeg Business Improvement Zone (BIZ) at www.downtownwinnipegbiz.com and download the Change for the Better fact sheet.
- Visit Downtown DC at www.downtowndc.org to read about their programmes to target homelessness in the inner city.
- Click on the Downtown Seattle Association website at www.downtownseattle.org or go straight to www.givesmartseattle.org to learn more about their public education programme.
- Downtown Denver's online donation website is at www.GiveABetterWay.org or check out the FAQ on panhandling at www.downtowndenver.com

Working Together to Improve Your Neighbourhood

Greg Ardé

NEIGHBOURLINESS is not a big thing in cities. The anonymity of big cities often leads to anti-social behaviour that turns neighbourhoods into slums.

In Johannesburg residential property owners have reached out to help residents through a programme spearheaded by veteran organiser Josie Adler.

In essence it helps people get neighbourly in the downtown precinct.

It has been such a success that it has spread beyond 33 blocks of Hillbrow flats. As the sister-in-law of Johannesburg Housing Company (JHC) chairman Taffy Adler, Josie Adler has always believed it is vital to replicate in residential areas what has happened in commercial areas: the concept of city improvement districts.

In some ways it is easier to mobilise businesses as they have spare resources and are more likely to part with the extra rates required. This money, over and above what is paid for council services, goes to supplement the city's effort to beat crime and grime.

In 2003 Hillbrow property owners laid the foundations for the eKhaya Neighbourhood Association that now involves thousands of residents living in the precinct roughly bordered by Smit, Kapteun and Claim streets.

Meaning "home" in Zulu, eKhaya's success is premised on a fundamental of community living: if you know your neighbours and jointly resolve to overcome problems in your area, you can.

Annually Adler and her volunteer army march forward to claim more streets in the war against slums. They have brought dignity to the lives of many inner city residents who now experience a greater sense of ownership and pride in the space they call home.

When she started, Adler looked at the Hillbrow geography and diagnosed its ills. She saw a huge problem in the filthy lanes between buildings.

Many of Hillbrow's buildings were built pre-World War II and the dividing lanes were choked with litter and crawling with rats. Due to insufficient refuse removals, residents threw garbage out their windows.

Cleaning those lanes was one of eKhaya's first triumphs.

Approaching the owners of each building (seven of which had been hijacked by people registered as neither owners nor tenants) 26 came on board and could thus relay their issues.

"Property owners are not used to talking, as they are in competition. We created an association cemented by common issues," Adler says. The association attracted the attention of corporate sponsors like property management company Trafalgar and four years later was invited to partake in an inner city summit organised by the Johannesburg council's mayoral committee.

"Trafalgar has been a pioneering company in eKhaya and really deserves congratulations," Adler said.

As part of its contribution, Trafalgar provided the services of a treasurer for eKhaya. The association has a constitution, business plan and an executive committee and it has moved beyond the regeneration of buildings to become concerned with transport, after-care facilities for schoolchildren and creating safe recreational areas.

Members conduct in situ audits of the neighbourhood, photographing manholes without covers, broken street signs, missing curb stones, cracked pavements, leaking sewage pipes and piles of litter.

The evidence is forwarded to city officials and Adler says the municipality and government departments are more responsive with each passing day.

People living in the 33 blocks constituting the eKhaya Association are regularly canvassed on issues and their feedback provides a detailed gauge of problems.

"There is a business in the flats – cooking and selling chicken feet and putting ashes into the drains, which get blocked," one resident noted in an interview.

Adler says Hillbrow's problems are far from resolved, but eKhaya planted the seeds of hope in a situation of despair and neglect. Ekhaya has been replicated in another area of downtown Johannesburg, under the banner Legae la Rona or "our place" in Tswana.

The new association's constitution proposes a three-year contract in which property owners pay R26 a month per flat to improve their neighbourhood. "It's about introducing people to one another, breaking down the animosity and helping them to be neighbourly. Not everybody will participate, but I look for leaders ...it's really not rocket science," Adler says.

In terms of the eKhaya literature explaining the organisation's aims and approach, the organising methodology and process focuses on the development of relationships to break the anonymity, suspicion, withdrawal and defensiveness.

Adler says these are the spontaneous responses of people in stressed situations unfortunately prevalent in many areas of Johannesburg. Trust develops as people discover each other through their experience of meeting and working together on issues of common concern and achieving satisfying results from agreeing and implementing actions and holding one another accountable.

eKhaya believes the formation of a positively-functioning community within buildings and in the public space, is not an automatic consequence of housing delivery or managed buildings. Rather, the development of thousands of flats in high-rise apartment blocks may actually exacerbate anonymity and isolation, allowing for the development of unchecked anti-social behaviour and promoting fear and insecurity among many.

Quoting a Mail and Guardian piece citing town planner Professor Philip Harrison, Adler says most economically successful contemporary cities are those that are most liveable for their residents and which are accessible to the broadest range of urban users.

As Johannesburg gears for the massive investment needed for hosting the 2010 World Cup Soccer, it should pay special attention to the requirements of social cohesion. This means building the trust and social networks needed for sustained development, as well as the strategies and actions that strengthen feelings of belonging, inclusion, participation and recognition.

Reiner Erasmus from Madulamoho Housing Association, which falls within the eKhaya area, has praised the initiative.

"The city doesn't get to provide all the services needed in Hillbrow, so we got together with all the caretakers from the different buildings and we've worked out how to manage unruly tenants and police forums. Through talking to one another, people have started to help one another," Erasmus says.

The success of Residential Improvement Districts (RIDs) is gaining momentum elsewhere in South Africa. In Pretoria, which has about 100,000 inner city dwellers, there are more than five RIDs and last year Trafalgar reported residents in different parts of the city were registering another four RIDs. Collectively the RIDs raised R8m in revenue last year and employed 300 people. In one Pretoria RID, money raised among property owners pays for 120 security guards on two round-the-clock shifts.

In Johannesburg there are 14 legislated City Improvement Districts (CIDs), involving approximately 1200 building owners and collecting R43,75m in levies annually. The money is spent on a range of services including security, cleaning, landscaping and marketing. Across Johannesburg, CIDs contract 350 public safety ambassadors and 250 cleaners.

Anne Steffny, a director of Kagiso Urban Management and the Central Johannesburg Partnership that manages CIDs, says this allows the property owners to formally work with the city to improve the management of public space.

Housing the Inner City Poor

Greg Ardé

THE POWER being asserted by poor people in South Africa's inner cities is a movement for good, one that should be harnessed, not suppressed. There is not overwhelming support for that sentiment in South Africa, but it has become the nub of one of the country's biggest debates. "South Africa's inner cities are abuzz with energy and it is actually a positive picture," Johannesburg's Wits University associate professor Marie Huchzermeyer says.

She is among the growing number of academics, activists and policy makers immersed in the complex and often fiery debate about the fate of South Africa's urban poor. Simply put, participants in this exchange are grouped around those who agree with Huchzermeyer's sentiments and those who fear South African cities will evolve into slums unless the government keeps a firm hand on the wheel.

That South African cities are moving in line with the rest of the world, towards massive urbanisation, is not contested. In 2003 the United Nations Human Settlement Programme (UN Habitat) said at least 1- billion or a sixth of the world's population lived in slums. In a 2006 report, Statistics South Africa classified 12% of the country's population between 1996 and 2001 as migrant.

The growth of city shack settlements and makeshift inner city dwellings leaves little doubt that most migrants are trekking to the urban areas for jobs and better access to schools and hospitals.

The flood of people into cities is putting a strain on infrastructure at a time when the government is fervently sprucing up South Africa for the Soccer World Cup in 2010, considered a golden opportunity to showcase the country to the world.

Huchzermeyer says government's national housing plan, dubbed Breaking New Ground and launched three years ago, is a progressive policy municipalities have no intention of implementing. "It was all about making a big statement," she says.

Huchzermeyer believes the state's bona fides have been revealed in punitive acts against inner city dwellers and pieces of legislation she says are aimed at bashing the poor. An illustrative law, commonly called the KwaZulu-Natal Slums Act, (KwaZulu-Natal Elimination and Prevention of Re-emergence of Slums Act) was passed in the provincial legislature in June this year.

Aimed at the eradication of slums by 2014, it demands municipalities audit squatter settlements, essentially providing the state powers to establish transit camps to house shack dwellers removed from their homes.

The law also creates penalties for property owners who do not take proactive measures to stop squatting on their land. KwaZulu-Natal local government, housing and traditional affairs MEC Mike Mabuyakhulu responsible for piloting the legislation is adamant the intention protects shack dwellers suffering at the hands of slumlords.

He says the shortage of inner city land is squeezing out shack dwellers and residents in some city buildings who live in life-threatening conditions.

Another piece of legislation under contention is amendments to the commonly called PIE Act (Prevention of Illegal Eviction Act) that allows authorities to clampdown on the illegal occupation of land.

International Labour Research and Information Group director Leonard Gentle says the amendments make it easier to evict people and ignore their rights to housing.

In a letter contesting the amendments, he cited Brazil as a country also suffering under a housing crisis.

"The Brazilian constitution gives people ownership rights to private land peacefully occupied for five years. The effects of legally embracing informal land occupation has been positive for land utilisation; distribution for the poor and for planners tasked with waiting lists and hundreds of thousands (of people) without homes in the city," he says.

Essentially, says Gentle, the Brazilian constitution has embraced informality and land invasions are seen as a human needs-led development - a process that desegregates and positively shapes urban space.

However, in South Africa the proposed changes leave little room for the landless to be active agents for change in accommodation policies and practices; rather pushing people into insecure sub-divisions or overcrowded rooms vulnerable to exploitation.

Taking a step back from the debate, there is agreement that people are flocking to the cities to the detriment of social housing programmes. The question arises where the private sector can help the state succeed where it is currently failing?

Durban philosophy lecturer Richard Pithouse is a founder member of the homeless people's movement Abahlali baseMjondolo. Daily he engages with shack dwellers and has written extensively on their plight.

"I am always struck by how shack dwellers are so badly misunderstood. They are there because they want to work and are enterprising, hardworking people. They share what little they have and relish the opportunity to do little things like go to the local library to use the internet or read in peace," he says.

Pithouse says shack dwellers live in utter squalor without electricity or refuse removal and only the lucky ones have very limited access to shared water taps and pit latrines. Those without toilets transfer the waste out of the settlements in plastic bags.

"And yet, through all this, people maintain their dignity," he says.

Witnessing Abahlali president S'bu Zikhode in his home - a shack beside a Durban municipal dump in Durban - it is obvious most residents in his position are house proud.

In an article on Abahlali's website (<http://abahlali.org/>) Pithouse acknowledges the brown death - diarrhoea - constantly drains away the life force. There is also "the sporadic but terrifyingly inevitable threat of the red death - the fires that roar and dance through the night".

"(However) for many people these settlements provide a treasured node of access to the city with its prospects for work, education, cultural, religious and sporting possibilities. They can be spaces for popular cosmopolitanism and cultural innovation and everyday life is often characterised, more than anything else, by its ordinariness - people drinking tea, cooking supper, playing soccer, celebrating a child's birthday, doing school homework or at choir practice," Pithouse says.

He believes it is the ordinariness - and sometimes hopefulness - of shack life that is so striking and making its inhabitants a force for good and not one to fear.

If one agrees with Pithouse, then how can the energy of slum dwellers be harnessed?

Harvard Business School professor Michael E Porter, writing in 1995, said governments must stop curing inner city problems by increasing social investment and hoping for economic activity to follow.

Rather, he urged major companies to develop relationships with city-based businesses not out of charity, but on mutual self-interest. He decries the myth that the inner city is a place of low-cost real estate and labour, saying economic opportunities exploiting the inner city competitive advantages must be investigated.

Social programmes must support a coherent economic strategy in urban areas.

Huchzermeyer may not have the same ideological bent as Porter, but she says business is an important stakeholder who can drive dialogue in inner cities. Without delving into profit models, she says inner city dwellers are keen and able to participate in regeneration.

She says in Johannesburg, despite invading some buildings, squatters clean up and take care of the poor. These are people earning R300 a month and below the radar screen for the many social housing projects on offer.

"The government needs to stop seeing these people as a problem...some are already involved in painting and repairing (the buildings they have invaded). They just need a little support from the city," she says.

Internationally, the Berlin middle-class is involved in similar upgrades and São Paulo residents displayed the same behaviour in buildings they invaded. Huchzermeyer says the government does not want to reward illegal action, but the poor do not invade buildings to act illegally. They do so because it is the cheapest option.

She says city councils may condemn buildings without fire escapes, running water and electricity and refuse removal as unsafe, but for the homeless it is a safer option than living on the streets.

Huchzermeyer's argument galls some, while others simply have a different view.

South African Property Owners' Association CEO Neil Gopal says the organisation does not support invasion or illegal occupation as the South African constitution guaranteed the protection of private property.

"Some buildings are unsafe and unsanitary with serious health and fire hazards and their occupation is questionable. Each building has its own merits and we need to consider all circumstances," he says.

He believes housing cannot be dealt with as an isolated issue, but rather as part of the broader issues like the elimination of poverty and job creation. "As property owners, developers and government, we have a responsibility to ensure (town) planning is not done on an ad hoc basis, but driven by long-term policy goals," Gopal concludes.

The success of the JHC

Taffy Adler heads the Johannesburg Housing Company (JHC). Established in 1994, the organisation owns and manages 2700 units in 22 buildings – currently home to 8,500 men, women and children.

In the past decade it has increased the inner city housing stock by 8%.

Adler says a critical aspect of home ownership is realising it is “not only the transfer of rights, but also the acceptance of responsibility”

He says if the second concept is not accepted or enforced, then buildings go into decline. This is often seized upon by slumlords who take physical possession of buildings and exploit tenants into paying comparatively high rentals for appalling accommodation.

The buildings are also characterised by illegal and unpaid usage of city services such as water and electricity.

“So, if an existing owner/occupier has reneged on ensuring a building is maintained in a state fit for occupation, the state should be entitled via law, to repossess that building and make it available to owners who will accept and fulfil both rights and responsibilities,” Adler says.

He says the City of Johannesburg’s Better Buildings Programme captured this process by repossessing buildings where owners had failed in their responsibilities and made them available to new owners at a discounted price providing they signed and observed an obligations agreement which included proper management, maintenance and water and electricity payments.

Adler says if “occupants/invaders” willingly accepted and upheld rights and responsibilities and consequently came to own their buildings, “that would be a good thing”. However, the state will have to heavily subsidise the costs to provide inner city housing to people earning around R300 a month.

“On the principle that people should not pay more than a third of their income in accommodation, inner city rentals cannot top R100 per month,” he says.

Given that irrespective of the provider – state or the private sector - accommodation in an inner city Johannesburg single room excluding utilities touches R600 per month. Water, electricity and rates add another R200.

Adler says if R800 is the minimum average monthly cost of living, then simplistically the state has to subsidise R700.

He says raising the JHC’s funding over the next 10 years can double the organisation’s record for facilitating R250m in inner city investment. However, funding is not the problem when South African banks are falling over themselves to provide debt.

“The problem is the level of grant needed to ensure the accommodation is available to poor people. JHC assumes a minimum of 60% grant is required in the capitalisation of any project if it is to be available to people earning less than R3500 a month,” he says.

Consequently, the lower down the income scale projects are targeted, the higher the requisite grant component. JHC projects are mixed-income projects, effectively capitalising on cross-subsidisation while avoiding the creation of ghettos of poverty.

Adler attributes the JHC’s success to the good management of value-for-money products within a caring social housing framework. The current Johannesburg economics, taking into account private and public investment, indicates the inner city is becoming an increasingly expensive place to live, as private investors shunt the poor to the peripheries.

“This can be mitigated by targeted state investment that makes available existing public land at historic cost. JHC is a living example of the application of a public private partnership that has made accommodation available to mixed-income groupings including those earning less than R1500 per month,” he says.

Essentially, the private sector can partner investments into social housing. Brickfields in Johannesburg is an example where a R100m development has created more than 650 mixed-income units in Newtown.

Adler says Brickfields demonstrated how the risks can be small. The units were fully occupied in less than a month; there are currently no vacancies, and arrears are less than 2%. The 12% return beats those offered by the bank, but comes in lower than the 20% offered from a property unit trust or a commercial development. Hence, a large investor seeking to blend investments comes to the table with the right approach to become an investor in future JHC projects.

Johannesburg Has Lessons to Learn

Ian Fife

PRETORIA'S residential stability is what Johannesburg aspires to but has yet to reach as a brief glance at the average price of sectional title flats in Berea, a near equivalent suburb to Pretoria's Sunnyside, will attest.

According to the Knowledge Factory's South African Property Transfer guide, () average flat prices have risen from R55,000 in 2002 (Pretoria: R45,000) to R133,000 currently (R287,000).

There are two big differences that have kept Johannesburg lagging. Firstly, Pretoria's core residential population are public servants who generally have above-average skills and education; stay longer in one place and, most importantly, have government-supported funding to become property owners.

Secondly, the Johannesburg central business district (CBD) is a far bigger and more complex city. Its varied 200,000-strong population probably has a much higher proportion of transitional residents using the city as their first step from the country or elsewhere in Africa.

Certain residential trends are emerging. Young professionals are buying sectional title units newly created from offices in Braamfontein and the core CBD, attracted by the opportunity to get on the property ladder at prices as low as R140,000. The access to transport and work opportunities and the growing entertainment and nightlife developing in these areas are also playing a role.

They and students make up a significant part of the thousands of tenants in the office-to-residential conversions in the core CBD. Recent research shows CBD residents have an average age of 28, compared to those in Hillbrow and Berea whose average ages are just below the mid-30s.

Extensive research carried out by inner city venture capital company Aurik shows the female head of households renting in the CBD tend to be older than their peers in Hillbrow, Berea and other inner city suburbs.

"This is because the rents of the new office conversions in the CBD are higher and the flats smaller than Hillbrow, so only the more established women with small households can afford them," Aurik partner Carien Engelbrecht says.

Correspondingly, the male head of households tend to be younger with Engelbrecht indicating many of the tenants live in nearby townships, but faced with two-hour daily taxi trips to work touching R800 a month, it is cheaper and more convenient to rent in the CBD.

"Of course it's hip to live in the CBD," she says.

Hence, the CBD is becoming the first-choice home suburb for the upwardly-mobile venturing into Johannesburg. Engelbrecht notes it is "far less densely populated than Hillbrow, Berea and Yeoville".

The big property investors - Afhco, run by the Plit brothers Renney and Wayne, and the Wapnick family's City Properties - are the big suppliers of new accommodation. Afhco produced 2,000 units in recent years and City Property 1500.

Financial services giant Old Mutual is a common partner to both big suppliers with Old Mutual Properties putting its old city offices into joint ventures with City Properties and Old Mutual's social responsibility fund Old Mutual Infrastructure, Development and Environmental Assets Fund (IDEAS) taking a 50% stake in Afhco.

IDEAS Fund spokesman Sean Friend says: "Typically, buildings are converted into blocks with bachelor or one-bedroom units. Because tenants' priorities are safety and cleanliness, the blocks are access-controlled with a turnstile, thumbprint scanner and a system where visitor access is strictly controlled by security guards."

Strict regulations dictate laundry hangs in a laundry area and not on balconies.

Friend says tenants like the rigidity of the system and the consequential peace of mind. Most units have built-in kitchen counter tops and fridges and some blocks have a gym and a crèche.

The properties are likely to offer broadband access as many tenants are already online.

"The extra investment pays off ... we have found tenants actively support these controls rather than rallying against them. Also the nicer the buildings are architecturally, the better they will be let," he says.

Afhco has now moved into the eastern inner suburb of New Doornfontein to open up a further residential area in one of the city's first residential suburbs. Renney Plit predicts the precinct will be home to 10,000 in the next few years.

Afhco, property consultancy company Chelsea Manhattan and Amdec Property Development are converting a 19-floor Nedbank property into South Africa's largest single block of flats with 850 units. "This will help drive renewal of the New Doornfontein area and mean we can have a rejuvenated area around Ellis Park by 2010 (when South Africa hosts the World Cup Soccer), which will be a real boon," Friend adds.

The redevelopment will require a new taxi rank and the upgrading of the two railway stations, but the developers are working with the Johannesburg Development Agency (JDA) and approaching the Gauteng Economic Development Agency (GEDA) to ensure these areas form the nucleus for inner city renewal.

Investors in Hilbrow, Berea and Yeoville say progress is being made, prices are rising fast and so are rents. However, Property Owners' and Managers' Association head Brian Miller says the council continues lagging private sector improvements, particularly concerning environmental health, the metropolitan police and the issuing of clearance certificates.

Accommodating the Foreign Africans

Ian Fife

IT IS very early on a bitterly-cold winter Saturday morning in Hillbrow. A van arrives in a side street; the driver opens the back door and a score of people climb out, stretch, look around and make their way in groups of two or three slowly through the unfamiliar surroundings.

“They are Zimbabweans,” says my inner city guide. “They will have some contact address to find and hopefully short-term accommodation and within a month, most of them will have South African ID documents showing they were born in KwaZulu-Natal if they are Matabele and from one of our northern provinces if they are Shona.”

That is the reason there is some confusion about how many foreign Africans live in Johannesburg’s inner city. Long-time activist Josie Adler believes they are in the minority.

“Every time I go to a building, the people speak Zulu,” she says.

However, Lehlohonolo Tlali, the marketing director for an inner city property company, retorts that that is because she cannot distinguish accents.

“If you listen carefully you can tell from their accents whether they are Zimbabwean Matabeles or South African Zulu,” he says.

Tlali estimates 75% of the Hillbrow and Berea population is foreign African.

Yet, Carien Engelbrecht of venture finance business incubator company Aurik says extensive research shows about one-third of occupants are foreign.

“Even at that level, they have certainly made an impact, particularly in business. They dominate Kotze and Pretoria Streets, the Hillbrow commercial streets, and without an extended family safety net for the bad times, they must be very enterprising,” she says.

Engelbrecht says they face constant hostility from xenophobic locals who view the makwerekwere as competition for jobs and homes and must thus be resourceful.

Tlali says when arriving in Johannesburg from Africa, the first step is to earn money. Then, you find a place to stay. It has a kitchen. You cook. If you are from the Democratic Republic of the Congo, you stand on the street corner selling kwasakwasa music to your compatriots.

“When you have built a bit of capital, you start dealing in something - legal or illegal. The next step is to rent an illegal spaza in a ground floor flat with an illegal door to the road,” he says.

However, the more successful foreign Africans are now opening smart shops in Pretoria and Kotze Street. There is a very smart boutique run by some Senegalese where the finishes, lighting and merchandise are fit for Sandton City (although those shoppers would object to the loud North African music).

Just as smart is a Pretoria Street supermarket, allegedly Somali, with sophisticated glass delicatessen gonolas that will one day hold Eastern and North African delicacies.

“The market being what it is most of their delicatessen is pink polony,” Tlali says.

Thereafter will be the establishment of permanent national precincts. The residents are still moveable, although the Ethiopian church in Berea has attracted an increasing number of those nationals around it. The next step will be a few interesting restaurants and a flood of adventurous customers. The cosmopolitanism that made New York, Berlin, Buenos Aires and many other cities great, is emerging in Johannesburg.

Street Sadness

Ian Fife

IT IS 5.30 on Friday evening in Hillbrow and we have come to meet “the committee” of Highveld, one of the suburb’s more modern blocks of sectional title flats, where we have just bought four units.

The committee is illegal, but no matter - Sipho, Bongani and Alfred (not their real names) seem pleasant enough people. They are busy in court being sued and countersuing the court-appointed administrator of the building.

“Do you know the owners of the flats you bought were forced out by the administrator, who then bought them himself?” says Alfred after we have been through the usual rituals of politeness and respect.

“The judges are their friends so they get orders against us. We have also laid criminal charges against them because we paid for the electricity but we went to the council and found they had not paid it.”

Thanks to the appalling administration of justice, the men are likely to be in court for many months. Perhaps it is better that way because they are likely to lose their homes at the end of that process. Meanwhile no levies are being paid because of the “solidarity” of the other owners, who are also starting to be sued, and electricity will soon be cut, probably on some cold winter night.

The committee interrogates us suspiciously. They exercise their power with an air of melancholy, identical to the street sadness we saw in the eyes of the people we passed in Hillbrow on our way to the meeting earlier that evening.

They are in crisis.

We answer as fully and as openly as possible. Our ability to connect with them depends on this. If we succeed we can turn the conflict -- gently, gently -- into collaboration. We can hope to persuade them that saving their homes and building their wealth through paying their levies, fixing our building and pushing up values is the most important thing. This is certain if we all work together as owners. If we fail, we become part of the conflict.

We have learnt the real conflict is not between a predator and victim, but between tradition and modernism. The inner city has taught us that this conflict is the most critical and least explored phenomenon in the new South Africa.

Conservative whites, who believe they suffer most from change, do not know what a crisis it is to cross from a deeply-held traditional world view and set of values into the liberal capitalism of the modern city. Sectional title in the city is probably at the hottest point in this crucible of change.

Owners must work together to ensure their well being, but not in a traditional way. Leadership must be elected and often make hard individual decisions and apply strong disciplines of payment, behaviour and the number of occupants per flat.

This is difficult on many levels. The majority may not want to pay more money to meet rising costs so the trustees must make a decision as individuals to go against them. Yet traditionally no person is so completely individual. You are one with the ancestors, the extended family, the clan, the group. You are not an individual agent of action. So the trustees do not increase the levies and the building starts to decline.

Similarly any flat owner may know he should not have six people living in a one bedroom flat, but how can he refuse to take in his sister's children so they can go to a city school?

Many owners are aware of the consequences of this, but because they too do not see themselves as individual agents taking individual action, they watch in misery but do nothing as around them their homes decay; the electricity is turned off and the lifts stop working.

Secondly, the primary purpose of a traditional group is the maintenance and stability of that group, while the primary purpose of a modern environment is progress towards a specific aim. Understandably, progress can be a secondary purpose of a traditional group but the primary purpose will usually win out. Hence, solidarity and mutual support - even in self-destruction - is imperative.

Thirdly, traditional life is often seen as a zero-sum game. When things go wrong the cause is more often blamed on a person than circumstance - the group looks for somebody to blame.

That someone is usually an outsider: the managing agent, the judicial administrator if there is one or another faction in the building, because different groups commonly develop and the enmity between them is almost impossible to resolve.

The conflict between tradition and modernism can be resolved, but a leap from the one to the other is not possible. The group or individual must see a clear opportunity he or she accepts as worth the pain of changing to achieve. That is why we concentrate on the growing value of their flats and the resulting empowerment - education, starting a business or further investment - that arises from it.

It does not always work, mainly because property has not traditionally played such a role and while most people are aware of it and approve of it intellectually, their values are too powerful.

When a sectional title building goes wrong, the owners need help. Cutting their electricity raises their suffering and increases the seething resentment in the city. Expropriating their building for the Better Buildings Programme - the Johannesburg Property Company initiative aimed at eradicating inner city slums - destroys their lives. A careful combination of understanding, connecting and persuading is a step in the right direction. We do not have better answers. More appropriate and skilled people among the local authorities must accept this problem for what it is and find the best solutions. When they find it, many intractable inner city problems will slowly be resolved.

At our next meeting they are still sad, but may show more trust.

"Can't you become the administrator and lead us," one asks.

Our answer in the negative avoids that trap.

"We are just one of you and we must solve the problem."

Kura Chihota, Zukile Vokwana and Ian Fife are directors of black-owned sectional title investor company Newport Real Estate (Pty) Ltd

Pretoria Enters Normality

Ian Fife

THE Pretoria central business district (CBD) is showing all the signs of moving out of crisis into normality - particularly evident in the high-density flatlands of Sunnyside.

Prices of sectional title flats have risen from an average R45,000 five years ago to R117,000 in 2004, R236,000 in 2006 and currently R287,000. Sales volumes have risen from 17 in 2002 to an annualised 125 for 2007. This is a great relief for 50-something writer Lenor Tancred, who in 2001 saw her only hope of creating sufficient assets and income to survive by investing in flats in the then-distressed suburb. She sold her Parkhurst, Johannesburg, house and moved into the first Sunnyside flat she bought - a traumatic experience for somebody from a conservative Pretoria childhood. Today she has built up a large-enough portfolio to free her from working to keep alive.

Tancred has become a sectional title activist between periods of writing and it is rent more than value that has saved her.

"When I first moved in, two bedroom flats were renting for about R1400 a month. Now they are renting at R3300," she says.

Her clearest sign of a return to normality is that property owners are concentrating on the nuts and bolts of effective property management. "They have realised it is worth obeying the bylaws and maintaining their properties. Water tanks are cleaned; lifts fixed and two recent building fires have taught them to insure their buildings for replacement value," she says.

However, Tancred says trustees still grapple with the complexities of sectional title - particularly relationships and communication with owners; developing and defending policies and understanding asset management.

"We are hoping to start trustee training sessions if we can find sponsors to cover the cost," she says.

Pretoria has a growing band of large residential property owners who have played their part in stabilising the city. The biggest of these is Alec Wapnick whose company City Property owns 7,500 flats in partnership with the JSE-listed property funds Octodec and Premium he operates.

This combination probably makes them the biggest residential property owners outside the mines and government.

Sitting in his Pretoria office, Wapnick is very satisfied with the Pretoria residential investment he started about six years ago. Many of his flats are conversions of CBD office buildings and City Property has set the standard for new inner city rental housing.

More importantly, Wapnick has shown conversions are a great investment. Current annual initial yields of office-to-flat conversions are just below 11% and since listed funds are trading at initial yields below 7%, they are yield-enhancing for Octodec and Premium.

They are also the JSE's top-performing listed property funds for which shareholders can thank Pretoria's residential revival (and Wapnick's entrepreneurial flair).

Downtown Durban

Greg Ardé

DURBAN is a city seized by the golden opportunities being presented, but its citizens are at sea about eThekweni's strategic direction. Viewed through rose-tinted glasses Durban's inner city is fantastic.

It has the foundations of a world-class city. There is major public investment; favourable geography enhancing trade and the creation of largely open space on which to develop an Olympic sporting arena around the R1,8bn soccer stadium under construction.

Durban also has a history of sound financial management.

University of KwaZulu-Natal economist and former head of eThekweni's economic development department Glen Robbins says there are many ways to measure the state of downtown Durban.

Taking the conventional measures – office occupancy, rental levels, building values, business turnover, visitor numbers to key sites, new public and private sector investment and residential property values – there are arguments that things are better now than any time in the last 10 years. The inner city has made the transition from the haunt of white, blue rinse pensioners to a funky African hub with relative ease.

Yet, Durban has the lowest per capita income of South Africa's large cities and a long time transpired before private investment entered the inner city. Robbins also believes urban management is also not what it can be.

He says the services that ensure the city functions as a liveable, workable, safe and healthy space are wanting.

Durban's increased economic growth in the last few years has attracted job seekers from KwaZulu-Natal's hinterland. Accommodation is limited and property prices have risen on the back of big city investments like the International Convention Centre (ICC) extension, the uShaka Marine Park and the new soccer stadium.

Improved sentiment in the inner city in the last two years particularly, has prompted financial institutions Standard Bank, Absa and Old Mutual to make multi-million-rand investments in new buildings within a 1km radius of the majestic City Hall.

However, Robbins says the council's big investments are not necessarily sustainably leveraging private investment.

"It is hard to see a clear balance between public capital investment and social programmes. We need a balance between meeting the needs of visitors and investors versus the needs of the urban poor for housing and other facilities," he says.

This demands a balance between a confident city acting to meet challenges while seeking to form durable partnerships with relevant stakeholders.

Robbins says the council should develop a more collaborative vision for its inner city future. This sentiment is echoed in the local newspapers where readers and columnists regularly criticise the city for its failure to get sufficient buy-in to its plans.

This is not due to a lack of talent or goodwill in the council, but in its zeal to succeed, the city has not made citizens feel part of plan. Robbins applauds the upgrading of the beachfront; the beautification of streets around the City Hall; the ICC extension and the pioneering Warwick Junction project, but says concerns continue being voiced about crime; the city's failure to adequately monitor its CCTV cameras; poor building management; unregulated shebeens; over-crowding and the dearth of amenities like schools and safe parks.

These problems are pronounced in areas like Albert Park and South Beach where investors are snapping up cheap properties in the hope that the problems will be resolved ahead of the Soccer World Cup in 2010.

Private sector investment has taken off around the Point in a precinct alongside the R730m city-funded uShaka Marine Park. More than R2bn worth of world-class residential property developments have been built and many of the Gauteng-based investors are laughing at the reticence of locals to get involved in what they perceive as an obviously hot prospect.

The counter is that the Point is not yet hugely populated and locals must run the gauntlet of Point Road (past the Nigerian drug lords in accordance with the joke). Neels Brink, who spearheaded the Point development, is anxious to connect the points of the city-dubbed Golden Triangle (the ICC, SunCoast Casino and the uShaka/Point precinct).

He is on record as saying the aforesaid gems cannot be "islands of splendour" in the inner city.

Local developers say the city's approval systems are slow and unfriendly and their investments like the Point will only leverage immediate gains if they are in safe spots and they are unsure of council's plans.

Commercial developments in safe havens – the Kingsmead Office Park adjoining the cricket ground and near the ICC – have not made a

huge impact on the city centre, though they have buoyed confidence and kept jobs close to homes.

Areas like this and the ICC extension must be integrated into the inner city or they will run the risk of being like Umhlanga.

The Umhlanga Ridge Town Centre is a runaway success - so much so that critics argue its multi-billion-rand offices and shops are a world away from Durban's inner city. Because of its emphasis on partnerships and extra levies directed towards security and cleanliness, Umhlanga, Gateway and RiverHorse Valley Business Park succeed where the city struggles.

Robbins says the city deserves kudos for rejuvenating downtown areas like Warwick Junction, the Point, West Street around the City Hall and parts of the beachfront, but believes more can be done through partnerships.

Citing the historic Grey Street area, a unique precinct jam-packed with traders of Indian descent and resplendent with mosque, cathedral and temple, he says businesses want to partner in developing the character for the area. They want a say in how money is spent and are prepared to cough up some of their own investment and support.

"But there seems to be inflexibility from the city in terms of budgets and wariness from city officials about sharing decision-making in such partnership bodies. There is also concern the major investments are quite disconnected from other city processes; from surrounding areas and from one another," Robbins says.

He says Durban has spent more than any other South African city on regeneration - to the extent of crowding out private sector investment. Historically, the city is off the national government radar and has been neglected by provincial government.

The inner city has also never been as bad as Johannesburg.

"All things considered Durban has done remarkably well, but this performance has probably been constrained by the lack of partnerships; excessive focus on major capital projects and too little attention to real urban management systems that alter the quality of the living and working environment for the residents, workers and investors," Robbins comments.

The scale of Cape Town's inner city problems are nowhere near Durban's, but the inner city partnership led by Andrew Boraine has developed innovative programmes. The project has seen business collaborate with the city on social and economic processes and work at a street level in meaningfully responding to grassroots issues.

For example, car guards have been trained as parking ticket sellers and the homeless and unemployed have been gainfully employed in inner city clean-up projects. Businesses also support social workers in dealing with street children.

Robbins says Durban partnerships are required at a strategic level that increases the scope for devolved action and is matched with a coherent social programme - public housing, transport, and safety - that leverages change in neighbouring areas.

However, he says this must not be designed to merely deliver a specific project. In the ICC case, the question arises: how can we integrate this into the fabric of the inner city to improve public spaces, increase safety, raise local property values and links to other areas that have cultural offerings, small business opportunities and the like?

Protas Madlala, a political commentator involved in small business support in Durban, says partnerships help resolve big issues like rapid urban migration.

"The city needs foresight. Often local authorities only react to the squalor created by land invasion like ...the poor (wanting) to be closer to work (and) opportunities."

Madlala says while South African conditions are different, in some US cities like Denver, the government successfully privatised inner regeneration because business was anxious to preserve the inner city space.

Durban's Example of Best Practice

Greg Ardé

IF DURBAN has a heart, it is the Warwick Junction where daily a knot of 450,000 people untangles at the city's biggest roadside mall. The junction incorporates the Berea train station, major bus and taxi stops and the council's fresh produce market. Overhead is the main freeway into the city.

Warwick Junction is a shining example of an eThekweni partnership in action. It has bursts of colour, smell and sound. Traditional Zulu muthi sellers share pavement space with bovine head cookers and hawkers flogging maskanda music cassettes.

A stone's throw away is the famous Indian market where wizened traders from the old Indian quarter sell everything from spice to kitchen sinks.

A decade ago the city established the inner city regeneration unit iTrump in Warwick Junction and tasked a multi-disciplinary team of officials with cleaning up Durban.

They did more than that: they wove together the disparate strands of a city in transition and produced a beautiful basket of goods about which tourists and locals rave.

The iTrump team won international accolades including an endorsement from world anthropology expert Professor Keith Hart from Goldsmith's University of London.

Writing on Warwick Junction he said: "The striking feature of this development is the co-ordination of public authorities and informal traders in a dynamic space of great complexity for which iTrump's Richard Dobson must take a large part of the credit. The city owns the land at a major intersection ... (and) Richard's idea has created an informal mall with thematic concentrations such as a food court and storage facilities, integrating a diverse merchandising area with the transport hubs."

Hart says at a time when some public authorities preferred to clean the streets of informal workers, Durban provided exhilarating proof of how poor people, in sensitive collaboration with urban planners, can enliven a city centre; generate employment for themselves and expanded services for the broader population.

Dobson is an award-winning Durban architect who is a third generation city fixer-upper. His father was a township administrator in Roodepoort, Gauteng, while the relocated African community named Dobsonville in Johannesburg after his grandfather Robert.

Earlier this year Richard Dobson left the city council to start a non-governmental agency to help eThekweni's more than 21,000 street traders.

Most of Durban's 3-million residents have something to do with Warwick Junction, whether or not they are aware of it. The wealthy may drive over it on the freeway on the way to work, while the 800,000 informal settlement dwellers come to the precinct to buy or sell something or catch a long haul bus, taxi or train to the rural areas.

As the city's one-time housekeeper, Dobson interacted with most types, generally around practical issues.

He has overseen the drains being cleaned around the curb side cookhouses. He has negotiated with tenants in many of Durban's 500 neglected buildings and he knows just when a sweaty "barrow boy" is about to annoy a mielie (corn) seller.

Dobson says people are naturally resourceful and keen on symbiosis. The Warwick Junction poor collect 30 tons of cardboard litter off the streets everyday.

He challenges officials and politicians fixated on stereotypical images of world-class cities.

"We are aspiring to (an image) when there are so many world-class Third World cities. President Thabo Mbeki talks about the first and second economy, (but) why do we have to have parallel economies when they can be integrated?"

Hence, Warwick Junction could be a pilot for the rest of the country. Collectively its street traders turn over more than R1bn a year and neighbouring traders from the Indian quarter will do easily as much.

"This is not about jobs for poor people; it is about transforming South African cities. We have to get a handle on this," he says.

He says unlike the rest of the world, the legacy of apartheid means South Africans do not have a traditional understanding of how cities work. In a typical Italian village, there is a deep-seated understanding of how things work and what you can and cannot do. There is a threshold on car sizes driven down the little lanes and on what can happen in the town square and when.

Dobson says in 10 years iTrump drew together stakeholders and after endless hours in meetings, they began co-operating because they understood cultural differences.

“It’s about partnership and real understanding. It’s about being polite and dealing with people as people,” he says.

Personally, when he first arrived in Warwick Junction, he tried rushing through meetings and forcing consensus, but soon realised that if people do not understand the plan or cannot buy into it, it will flop.

“The street traders are a savvy lot and they were very patient with me.”

Dobson says over time and by honouring commitments, the Warwick Junction stakeholders marched along and did more than simply co-exist, they prospered. The tailors were among the first to adapt to cheap clothing imports from China by realising they can only compete by being unique.

“They now produce amazing ethnic pansula trousers that sell really well and their rubber sandals are a work of art retailing at R170.

These are people who 10 years ago were not welcome in the city,” he says.

The street traders formed a committee to combat crime and volunteered to clean up the streets.

“Warwick is a South African example of the inclusion of the poor into an urban economy and it can be a model for developing a strong, practical vision of where we want to go with our cities,” Dobson says.

Considering the Council's View

Greg Ardé

As the eThekweni municipality's dynamic head of strategic projects, Julie-May Ellingson has always believed Durban's central business district (CBD) is a powerhouse for KwaZulu-Natal.

The area provides a home to the business and financial sectors; contributes a significant portion of the rates revenue and provides a centrally-located and accessible space with a large concentration of job opportunities.

In her words the inner city remains the most accessible location in the region. This is particularly so for public transport focused in Warwick Junction and the whole nexus of taxi, bus and rail ranks/station. The city recognises it cannot continue building ever-more roads to accommodate the rapid increase in car sales annually. Thrown in the mix is the knowledge that fuel costs will only increase rapidly and public transport thus becomes increasingly vital.

"Central and accessible locations such as the city centre become increasingly important," Ellingson says.

Essentially, the inner city plays a role in providing young couples with an entrée to the housing market and provides lifestyle options for urban living close to the beach and the bay.

She believes the transformation of the city over the last 15 years has brought about considerable changes and racial integration. While CBD property prices have not kept pace with those in decentralised nodes, this has allowed lower-income households and smaller businesses to enter the property market.

Yet, the property boom has not bypassed the city. Seafront properties on the beach and on the Esplanade overlooking Africa's busiest harbour are rocketing.

Ellingson says there have been significant investments in the inner city and CBD over the past three years, including the R100m upgrade by Absa bank of its regional headquarters. The city has also released key sites for developments including the southern portion of Hoy Park fronting on to Old Fort Road. The value of these developments well exceeds R150m.

From an office perspective, Ellingson says there have been investments in the Point precinct and Kingsmead Office Park that are improving investor perceptions of the inner city. The Point is a multi-billion-rand investment and the recently completed Standard Bank regional headquarters and office block in Kingsmead Office Park came in at R480m.

The city's R700m investment into the International Convention Centre (ICC) Arena also contributed to investor confidence in the area, leading to several adjacent buildings in the old motor town district being revamped as bed-and-breakfast accommodation.

Ellingson says city hotels recently embarked on a R150m refurbishment programme while upgrades to the Playhouse Theatre across the road from the City Hall served as a catalyst for other investments in the precinct.

"A drive around town reveals many buildings have received attention ranging from major redevelopment to cosmetic repaints and painting. Inner city buildings are being maintained once more," she says

Ellingson believes property owners are also developing common approaches to upgrading, security and promoting "specific sectoral clustering to achieve environmental improvements and synergy".

Along Masonic Grove, the traditional home for the city's advocates and legal professionals, property owners have banded together to form the Durban High Court Precinct Association. Working with the city, the association is improving the service level in terms of public realm management, while individual property owners are taking advantage of the Urban Development Zone (UDZ) tax incentive to upgrade their properties.

"In the pipeline are plans to demarcate the area as a legal precinct, thus putting relevant zoning in place and implementing necessary public realm upgrades to improve the aesthetics of the area," Ellingson says.

The bulk of the upgrading capitalises on virtually the whole inner city being a designated UDZ, providing developers a significant tax incentive.

Ellingson says the city has approved projects under the Durban UDZ worth R600m. She says there are provisionally registered projects amounting to R200m and six residential projects have applied for the UDZ incentive. "The feedback from investors is that upgrading their buildings has assisted in reversing high vacancy rates. Accessing the incentive has enabled them to spend on upgrades without the fear of further stretching their profit margins," she says.

Celebrating Cape Town

Angelique Ardé

ITS OCCUPANTS are the first to agree that it is by no means the best-looking building in town, but what Media24 employees can boast is a canteen with spectacular views of the Mother City.

From the north-facing side of the 22nd floor of the Naspers building in Heerengracht, the view embraces the Cape Town foreshore, the International Convention Centre and the Victoria & Alfred Waterfront towards Robben Island and Bloubergstrand.

The south-facing side oversees the city centre and City Bowl stretching to the foot of Table Mountain, while District Six and Woodstock lie to the east and Bo-Kaap and Green Point to the west.

Yet, most critical from this vantage point are the cranes lugging concrete through Cape Town's landscape, bringing to reality a city under construction – and you can almost smell the money.

Cape Town Partnership CEO Andrew Boraine says in the past seven years, the cumulative investment into the city has touched R14bn while another R24bn is scheduled to be pumped into the area in the next three to five years.

A sizeable chunk of this capital expenditure will develop public infrastructure ahead of the country's hosting of the World Cup Soccer in 2010 with projects including the Cape Town station refurbishment; station precinct redevelopment and a R500m upgrade to the electrical infrastructure.

Upgrades to Grand Parade, Greenmarket Square and St Andrew's Square are also in the pipeline, while the parliamentary precinct is facing a multi-billion-rand redevelopment that encompasses a hotel, convention centre and parliamentary village in the traditional central business district.

However, Boraine says it is the office and retail accommodation investment that has generated the highest levels of excitement. Liking it to "experiencing a retail revolution", he says the residential drive peaked at 3,500 inner city apartments and the pendulum has returned to office accommodation.

Despite healthy rentals of R115-120 per metre squared for A-grade office accommodation, vacancies are negligible at 3-4%. The R600m expansion to the International Convention Centre is the latest project unveiled and involves demolishing the old Customs House on Table Bay Boulevard to add another 10,000 per metre squared of exhibition space, more office accommodation and a potential hotel site. Boraine believes hotels will continue the accommodation trend with another 10-12 hotels expected to come on-stream.

Yet, these developments are not happening in isolation and other big projects underway or on the cards include:

- The R2,2bn investment into the Strand on Adderley Street as office and retail developments;
- The R500m Golden Acre upgrade;
- Mandela Rhodes Place phase three and
- Significant new developments in Woodstock, Green Point and Kloof Street.

Boraine says Cape Town generally and the inner city specifically has attracted strong international investor interest from the Middle East, India, Ireland and Germany.

"However, this picture of prosperity is a far cry from five years ago when the city was experiencing capital flight, rising crime rates and a general lack of confidence. It is like chalk and cheese," Boraine says, attributing the city's reversal of fortunes to several initiatives aimed at making Cape Town safe and clean and raising public awareness.

He credits the strong partnership between the public and private sectors for being the key success factor. In the past seven years, the two parties have met monthly, effectively building trust between the role players and achieving levels of confidence across a host of issues.

Boraine clarifies it is not just private sector-led development. There has been vital public sector input and more than 300km of fibre optic cable will be laid in the next three years in a move expected to reduce the cost of doing business.

"We need the public sector," he says.

The reality is the government has benefited significantly from the inner city rejuvenation. Collectively the City of Cape Town, provincial and national governments own around 40% of the properties in the area - properties that have experienced an exponential increase in value.

Yet, despite the obvious benefits of inner city revival, urban designer Jacques Theron expresses scepticism shared by many local residents. "I am not sure a flood of money to the central business district (CBD) is the way to go. The biggest problem with (South African) cities is that we are not changing the flows of people," he says.

The greater majority still utilise private transport into the CBD for work, meaning those living outside the inner city waste more than an hour travelling to and from their place of employment.

"From an urban design point of view, we need development outside the CBD in Bellville and Claremont," Theron says.

Theodore Yach, a Cape Town Partnership founding member and Central City Improvement District chairman, emphasises the city is "still in early days". Cape Town has only invested 10 years into a 30-year strategy with the long-term objective being to create an environment in which people can work and play.

"Our mantra is: Let's add more people," he says.

Yach says the Partnership is engaged in high-level discussions to bring low-cost housing into the CBD with Culemborg mooted as a potential suburb for providing affordable accommodation to between 40,000 and 50,000 people.

Currently 70,000 people live in the City Bowl/CBD/Bo-Kaap area, but doubling that figure will introduce economies of scale and encourage people to walk rather than drive to work.

City of Cape Town acting development co-ordinator Kendall Kaveney says while many people clamour for a piece of Cape Town, the city fathers have realised the need for a co-ordinated development approach.

Borrowing from the best practice principles used by Kagiso Urban Management when Sandton underwent its revival several years ago, the city is compiling a set of agreements to consider every aspect of the impact proposed developments will have on city infrastructure.

"Presently, we do not have coherent, long-term maintenance strategies for possible inner city infrastructural upgrades. Rather, we have a range of departments and they have not been talking to each other about development," he says.

He believes this project will address this issue by bringing to fruition a project-definition report and steering committee and by December the city aims to have a set of guidelines and principles that developers can use when building in the city.

Port Elizabeth – A Revitalisation in Progress

Angela Graham

IN THE words of Mandela Bay Development Agency (MBDA) CEO Pierre Voges, Mandela Bay (the area incorporating Port Elizabeth, Uitenhagen and Dispatch) is South Africa's new tourism and property hotspot and it is the agency's strategic spatial implementation framework that details the strategy being followed to revitalise the inner city.

The MBDA was established three years ago to regenerate the Port Elizabeth central business district (CBD) and redevelop the southern part of the harbour for retail, residential, office and tourism developments - and according to Voges it is well on its way to accomplishing this task.

Grant Thornton tourism, hospitality and leisure expert, Gillian Saunders echoes these sentiments.

"Port Elizabeth has turned the corner in terms of being a desirable place both residentially and with regards to tourism, but it now needs a boost to give it the impetus for the uphill climb. This will come in the form of investment in the region," she says.

Saunders and her team at the accountancy firm have completed business plans or economic impact assessment studies for the Statue of Freedom (a monument celebrating democratic freedom in South Africa), the proposed waterfront development, the new stadium for South Africa's hosting of the 2010 World Cup Soccer, the proposed International Convention Centre (ICC) and the upgraded Bayworld (Port Elizabeth's museum and oceanarium complex).

In the last year, the area under the agency's jurisdiction has seen many new developments. The redevelopment of the main road through the CBD - to become the Govan Mbeki Pedestrian Mall with specific entertainment areas and tourist craft kiosks mapped into the new design - has been completed.

The old Tramways building, angled between the foot of the Baakens Valley Nature Reserve and the harbour mouth, was recently opened up for private development. Intrinsic in the tender documents was the agency's call for work that is "creative in terms of tourism and entertainment development proposals."

Voges says an upmarket development in this abandoned area near the port must have a catalytic effect on similar development in the area. He also recently announced the R10m upgrade of Parliament Street in central Port Elizabeth to commence later this year.

Although the street will not be turned into a mall, trees will be planted along the pavements, sections will be paved and there will be increased lighting.

The agency will also soon call for expressions of interest to develop an ICC in Port Elizabeth.

"The ICC has been investigated by the Nelson Mandela Bay Municipality which took a decision to implement the project as a priority because of its synergies with other developments and inherent tourism potential. The funding required to construct and commission is R470m and if construction commenced in early 2008, the project could be completed by 2010," Voges says.

Security-wise, the agency has introduced a strong guarding presence in both the CBD and neighbouring Central Hill.

"This will soon be complemented by a CCTV surveillance camera system. We have seen a significant decrease in crime as a result of this initiative and expect further improvements once we implement the CCTV system," Voges says.

In this regard, he hopes for a crime-free mandate area by the end of the year.

Essentially the agency is waging a hearts-and-minds campaign to convince investors that - under their supervision - the area can transform its image aided by investment on the bottom floor. Voges says they tackled the basics first - cleaning the area, encouraging owners to revamp their buildings and raising security.

Now local property developers are catching on to the tax incentives if they make capital improvements on existing premises or erect new buildings for business purposes within the Port Elizabeth Urban Development Zone (UDZ).

Voges notes Port Elizabeth is seeking to emulate parts of the mega-cities (Johannesburg, Cape Town and Durban), while maintaining its own style: "This is an attractive coastal city with a traditional industrial blue-collar base, but until now has not seen the development levels of other coastal cities."

His view is that Port Elizabeth offers value in respect of seaside property, particularly with regards to sea views and the moderate weather,

but the real challenge lies in areas like the CBD and Central Hill.

The former demonstrates significant potential for affordable residential conversion and the latter, which previously showed characteristics of a trendy destination for younger people to live and play. The area offers interesting art deco architecture and Voges believes the time is right to reinvent its potential in a similar vein to Johannesburg's Melville and Cape Town's De Waterkant.

Following a recent visit to the city, Neil Fraser, urban revitalisation guru from Urban Inc and a former director of the Johannesburg Partnership, says with a properly structured strategy, there is no reason why Port Elizabeth cannot achieve the same turnaround in terms of urban renewal that Johannesburg has achieved.

Given it is a lot smaller, it should also happen more rapidly.

Fraser says the agency-driven Govan Mbeki Avenue environmental upgrade - the project turning the main route through the CBD into a pedestrian

mall - is an excellent example of how Voges and his team are moving in the right direction.

"Johannesburg demonstrated that physically upgrading the public environment acts as a catalyst for attracting new investment and changing behaviour patterns. However, the capital improvements must be well maintained, (something the agency) is planning now," he says.

Fraser warns that urban degeneration is rapid, but its counter can be a long, slow process. New York, a first world-city with an economy to match, took 20 years to revitalise. Johannesburg began in 1996 and still has a long way to go.

Looking at Port Elizabeth's size, he believes the initial results will become evident quite quickly, but the whole area may take 10 to 15 years to be renewed and revitalised.

First National Bank property economist John Loos says demographics play a part in people moving back into old parts of the city.

"There are more people not having families or starting families later (in their 40s) and so there are more people looking for city apartment living. They want to be close to the gym with coffee shops and food stores down the road - they want the convenient Manhattan lifestyle," he says.

Loos believes these city dwellers want a lock-up-and-go city apartment to escape into the countryside on weekends. They do not want to maintain a garden or worry with the upkeep of a suburban home which costs much more than a city flat.

"This is one of the reasons the demand for high-density living is increasing," he says.

Voges, who owns a flat in the city, agrees: "People are bored with the suburbs; they want the city life. It is the agency's job to create the ideal urban environment and we are working hard to do that in Port Elizabeth."

Biographies

Angelique Ardé

Angelique is deputy editor of a national lifestyle magazine and the former managing editor of Personal Finance magazine. Currently based in Cape Town, South Africa, she has worked for national and international newspapers including The Independent in London and TIME magazine in Hong Kong.

Greg Ardé

Greg Ardé is The Mercury business editor based in Durban, South Africa. A former political reporter, he has a keen interest in social and developmental issues, but when not writing about entrepreneurs and the economy of KwaZulu-Natal, likes to catch up with dodgy politicians and their equally dodgy chums.

Greg writes a popular column in which he plots to oust the eThekweni municipality mayor Obed Mlaba – and word from City Hall is that the city's first father is not really sure how serious Greg is about the scheme.

Greg also enjoys writing about architecture, parks and gardens. This is the second year he has been involved in producing the Trafalgar Inner City report.

Angela Graham

Angela Graham is a freelance writer based in the Eastern Cape, South Africa. She also runs a public relations business, focusing on business writing and enjoys following property trends to scribe on property and lifestyle-focused stories. She hopes to write enough to fund the purchase of a flat in the Port Elizabeth central business district, which she believes is the next big property must-have.

Ian Fife

Ian Fife is the Financial Mail property editor. He was born into an Eastern Cape sheep farming family and benefited from a rounded education in his home province, the Western Cape and America. A former political journalist in London and Johannesburg, he left newspapers in the early 1970s to establish a publicity company that happened to acquire some major property companies as clients.

Ian moved into property development in 1980, forming Newport Real Estate in 1982 – a company that became South Africa's leading mixed-use developer based in Cape Town. He retired from property development in 1997 to join the FM, but continues investing in property with an inner city portfolio of sectional title flats.

Nicola Jenvey

Nicola Jenvey is a freelance journalist and editor working in Durban, South Africa. Having spent 15 years working for the mainstream media, including stints as The Mercury finance reporter, the KwaZulu-Natal regional correspondent on national business daily newspaper Business Day and freelancing for the shipping publication Lloyd's List Africa Weekly, she moved to self-employment as a means for more effectively balancing work and family. The reality has her working alongside the owls while the rest of the world slumbers.

Nicola loves writing about the economy, its business personalities and the mechanisms that keep the world revolving. This is her second year on the Trafalgar Inner City report.

Pauline Larsen

Pauline Larsen is an urban economist and writer who spent 15 years in Johannesburg, South Africa, before relocating to Toronto, Canada. She writes extensively about urban and real estate issues for both South African and North American publications, as well as undertaking freelance work in the non-profit urban management sector and teaching short courses in urban economics at the University of Toronto.

Pauline serves as the vice-chair on the Toronto Commercial Real Estate Women (CREW) communications committee and volunteers as the business editor, a website dedicated to southern Africans living abroad.

Michael Viljoen

Michael Viljoen is an independent graphic designer based in Durban, South Africa, and working primarily in the property and retail fields. He has 13 years experience in strategic communications, creative branding, book design, packaging design as well as a host of retail store developments. His portfolio includes the recent work concluded for Lifestyle Communications, Old Mutual Properties, JHI, Trafalgar, The Spar Group and The Sunflower Fund.