

# City Improvement Districts in South Africa: An exploratory overview

Clinton Heimann and Mark Oranje

*Peer reviewed and revised*

## Abstract

This article discusses the City Improvement District as a recent phenomenon in urban South Africa. The reason for doing so stems from a lack of basic information on the concept in the local literature. The findings, based on a study conducted in the second half of 2004 and including all the Improvement Districts in operation in the country at that time, are presented in three key areas of the concept – land use profiles, financial aspects and services rendered. This is done within the context of the international situation with regards to the concept, and compared with an international study conducted in 2003, as basis.

## STEDELIKE OPGRADERINGSDISTRIK IN SUID-AFRIKA: 'N VERKENNENDE OORSIG

In hierdie artikel word die Stedelike Opgraderingsdistrik as 'n onlangse fenomeen in stedelike Suid-Afrika bespreek. Die rede hiervoor is 'n gebrek aan basiese inligting oor die konsep in die plaaslike literatuur. Die bevindinge, gebaseer op 'n studie wat in die tweede helfte van 2004 gedoen is, en wat al die Stedelike Opgraderingsdistrikte wat op daardie stadium in die land in werking was, ingesluit het, word aangebied op drie sleutelaspekte van die konsep – grondgebruiksprofile, finansiële aspekte en dienste gelewer. Dit word gedoen in die konteks van die internasionale situasie met betrekking tot die konsep, asook op 'n vergelykende manier, met 'n internasionale studie, onderneem in 2003, as basis.

## NTLAFATSO YA METSE YA DITEREKE AFRIKA BORWA: TLHALOSO E KGUTSHWANE

Tokomaneng ena Ntlafatso ya Metse ya Ditereke e leng taba e ntjha Afrika Borwa e sekasekilwe. Lebaka la ho etsa sena ke hobane ho na le tlhokahalo ya mantlha ya tlhahisoleseding kgopolong ena dingolweng tsa selehale. Ditshibollo, tse ipapisitseng le boithuto bo entsweng karolong ya bobedi ya selemo sa 2004, tse bileng di kenyeleditseng le Ditereke tsa Ntlafatso tse seng di ntse di sebetsa ka hare ho naha hona jwale, di behilwe ka mekgahlele e meraro: tshbediso ya mobu, dintlha tsa moruo le phano ya diitsebeletso. Taba ena e etswa ho shejuwe le ho ikamahanya le boemo ba matjhaba malebana le morero ona, hape e etswa ka ho bapisa le boithuto ba matjhaba bo entsweng ka 2003, e le motheo.

## 1. INTRODUCTION

The last two decades have witnessed significant changes in urban governance and the development and maintenance of urban space, both locally and abroad. One of the most prominent changes has been the increasing, but highly selective privatisation of the development, securitisation and maintenance of those spaces valued by the private sector. While this phenomenon has received significant attention in the discourse of politicians, planners and the popular media, where it has often been viewed with deep concern, scant basic research has been conducted to systematically and rigorously describe and categorise it as well as broaden an understanding thereof.

This lack of basic information on the subject of one of the examples of this phenomenon, namely that of City Improvement Districts (CIDs), led to an exploratory research-Masters degree study with the explicit aim of starting to fill this gap. This article, which is based on that research conducted in the second half of 2004, and which covered all the CIDs (23 in total) in operation in the country at that time, seeks to provide a broad set of information brush-strokes on the topic.

The article comprises three sections. The first provides a brief background to the concept; the second gives a quick synopsis of the concept, and the third provides the findings of the study.

## 2. BACKGROUND

Throughout the world, governments, be they municipal, provincial/state or national, are experiencing increasing problems with the maintenance and improvement of urban areas. This has resulted in a growing set of partnership arrangements in which the private and public sector as well as communities jointly take on these tasks (Hooper-Box, 2003: 3).

In South Africa the situation is similar, with the added legacy of apartheid planning, which has resulted in municipalities having to invest heavily in former 'township' and informal areas in order to address massive inequalities in terms of access to services and opportunities.

Clinton Heimann, Masters student, Department of Town and Regional Planning, University of Pretoria, Pretoria, 0001 and Chief Director, Department of Provincial and Local Government, South Africa. Email: <clintonh@dplg.gov.za>. Cellphone: 082 928 4123.

Prof. Mark Oranje, Head of Department of Town and Regional Planning, University of Pretoria, Pretoria, 0001, South Africa. Email: <mark.oranje@up.ac.za>

In addition, urban populations in South Africa have experienced a massive growth in population figures both through natural growth and through internal and international migration, most often of an irregular nature and of low-income migrants, with the inner city as their destination (see *inter alia* South Africa. White Paper on Local Government, 1998; Cox, 2000; Stokvis, 2003; Tomlinson, 1999; Bremner, 2000)<sup>1</sup>. There has also been a strong growth in household formation, resulting in both the need for housing and services and a dramatic increase in the demands on public resources (South African Cities Network, 2004). Tasked with a whole new range of duties in terms of the developmental local government mantle bestowed on municipalities in terms of the 1996 Constitution and the 1998 White Paper on Local Government, municipal governments, with far more tasks, but not necessarily more funds, have been hard-pressed to meet their many old service provision tasks and live up to their novel development mandate (see South African Cities Network, 2003; 2006; Cox, 2000). A combination of factors, including slack job growth, especially in the lower-skilled sectors, and growing unemployment and deepening poverty, have caused a sharp increase in crime in urban areas, and in the very densely populated inner-city areas, in particular. This was further hastened by a lack of enforcement of what were often considered hurtful and inappropriate apartheid by-laws (South African Cities Network, 2003; 2006).

These conditions have been greeted with the movement of a variety of higher-order retailers, offices and entertainment facilities from inner-city areas to suburban and exurban locations (see South African Cities Network, 2003), on the one hand, and with the arrival and expansion of the concept of City Improvement Districts (CIDs) in South Africa, on the other. People remaining in inner-city areas and those newly entering these spaces opt to take charge and ensure that they can stay on in these areas and even expand their businesses. This concept is discussed and expanded upon in the following sections.

### 3. CONCEPTUALISATION: IMPROVEMENT DISTRICTS AS INTERNATIONAL URBAN PHENOMENON

#### 3.1 Definition

The concept 'Improvement Districts' originated in Canada and the USA where it was first introduced in the mid-1960s when retailers and property owners in cities decided to jointly take on the responsibility of paying for the development and improvement of pedestrian malls and streetscapes (Houstoun, 1997).<sup>1</sup> The concept itself goes under a variety of names (see Mitchell, 1999; Hoyt, 2003c; Houstoun, 1997; 2003a; Pack, 1992), including: Improvement Districts, Business Improvement Districts (BIDs), Special Improvement Districts (SIDs), Public Improvement Districts (PIDs), Neighbourhood Improvement Districts (NIDs), Municipal Improvement Districts (MIDs), Business Improvement Areas (BIAs) and City Improvement Districts (CIDS[s]). According to Hoyt (2003a), there appears to be no standard naming typology for Improvement Districts. For the purpose of this study, all the above types will be referred to collectively as 'Improvement Districts'.

While the many names for the concept make for an interesting study in synonyms, they are also indicative of the diverse application of the concept in different parts/'districts' of urban areas, notably residential, university, industrial and central business areas. While these areas often have a dominant land use or set of uses, the profile can also be highly diverse, as is generally the case in inner-city areas. This is not tied to a set number of land use categories, with a continuous 'expansion' into new land use types and spatial locations (see Hoyt, 2003a). In all these cases the reasons for their establishment tend to be crime, grime and decay/decline, the concept being a kind of remedy and revitalisation. As noted by Houstoun (1997), despite the many other functions they now perform, the primary purpose of Improvement Districts remains to maintain and enhance the social and physical environments of specified areas in cities by providing 'top-up' services in addition to those provided by a local authority/government.

#### 3.2 Generic defining characteristics

Houstoun (1997) argues that Improvement Districts are distinguished by two factors, namely public financing and private management. Hoyt (2003a) provides a more nuanced perspective, arguing that Improvement Districts all share the following key concepts:

- They are privately-directed activities, in a
- Geographic area, providing
- Supplementary services, that are
- Sanctioned by the public.

Each of these components is discussed in more detail below:

- Improvement Districts may be managed by an organisation that is either a public agency or, more often, a non-profit corporation. It is the responsibility of a board of directors whose membership is dominated by business and commercial interests, reflecting those who pay the assessment. However, since governments have little or no authorising and oversight responsibilities over these boards, the onus for planning, financing, and managing these districts resides with the 'private sector'.
- An Improvement District must consist of a defined 'geographic area' in which the majority of property owners and/or tenants agree to pay for pre-determined services to supplement or complement those normally supplied by a Local Authority (Municipality) with the aim of enhancing the physical and social environments. It is important to note that the municipality continues to provide a pre-determined level of services in the specified/demarcated area of the Improvement District (Fraser, 2003: online). In South Africa, Improvement Districts are ratified by local and provincial authorities that must take into account their respective spatial development plans, and should, according to the Constitution of South Africa, ensure equal access to facilities and areas. This is not necessarily the case in the rest of the world.

<sup>1</sup> The South African census statistics indicates that the urbanised population in South Africa increased from 54% in 1996 to 58% in 2001 (Statistics South Africa) while in the same period the population of the 21 largest urban areas in South Africa rose from 18.4 million to 21.1 million, which translates into a 14.2% increase over the corresponding period (United Nations, 2004)

- The property owners and/or tenants determine the nature of the 'supplementary services' to be provided in an Improvement District based on the needs of the geographic area. Improvement District Members are in most cases free to determine the mix of services required; thus, the 'mix' of these service improvements will vary from one Improvement District to the next.
- The 'public sanctions' an Improvement District as it must first be permitted in terms of legislation and is thereafter agreed to by a majority of residents/property owners in a specified geographic region. It is furthermore approved either via a council resolution (local law) or via said provincial/state legislation (Houstoun, 2003b). In the case of South Africa, for instance, in order for any organisation to submit a proposal to a local authority for the inception of an Improvement District, 25% of the property owners must agree to the plan, while 51% of them must accept the final Improvement District Development Plan for it to be legally ratified.

### 3.3 Finances/Financing

One of the primary reasons for their popularity is that Improvement Districts are a new and often steady source of non-government revenue to fund much-needed physical improvements, do maintenance and provide supplementary services (Stokvis, 2003). Other than purchasing supplementary services, Improvement Districts can finance capital improvements (e.g. street furniture, trees, signage, special lighting) beyond those services and improvements provided by the City (Mitchell, 1999; Fraser, 2003: online).

Given that these Districts are generally created by provincial/state or local law, property owners and merchants have access to publicly-held information and are allowed to use the City's tax collection powers to collect income. In most cases these funds are collected by the City and returned in their entirety to the Improvement District. Houstoun refers to this as 'self-help through taxation' (Houstoun, 2003b: 23).

There is, however, no agreement on all aspects relating to these Districts, with authors differing on the question as to whether financial contributions made

by property owners and/or tenants in such a District should be voluntary or compulsory. Mitchell (1999), for instance, argues that Improvement Districts need to impose an added tax on all contributing parties in a demarcated region, while Houstoun (1997) stipulates that the additional (supplementary) levy that is self-imposed by the property owners and/or tenants could also be voluntary. Hoyt (2003a) provides a useful view from the field, indicating that Improvement Districts, where compulsory self-imposed taxes are levied, are far more successful than those that accept voluntary payment. In addition, there is also 'pragmatic value' in an enforced levy, as it provides greater predictability in terms of income and enables better planning with respect to the services offered by the District.<sup>2</sup>

### 3.4 Benefits and costs

Improvement Districts can have major positive and negative impacts (see Hoyt, 2003b). These are discussed below under four broad groupings:

- Private benefit versus the public interest: Funded via private sector funding, Improvement Districts afford businesses and property owners an opportunity to respond proactively and positively to shrinking State budgets. However, they allow private interests, via their management of public place, the possibility of limiting or controlling the use of public places by the general public. Gabriel (1997), for instance, indicated in relation to these Districts in the USA, that many critics of the concept believed that they had grown too powerful and self-serving and had assumed municipal duties without adequate oversight and accountability.
- Supplementary private service provision versus municipal slackness: Improvement Districts provide supplementary public services to mitigate declining municipal budgets. This is advantageous for a number of reasons. First, they contribute to the cleanliness and safety of commercial districts. Secondly, they promote care and collective concern among often self-centred private sector interests. Thirdly, they can assist in keeping government on its toes, with the State having to provide specified services of a particular level of quality in terms of a set service agreement. Fourthly, Improvement Districts create jobs and provide job training to low-skilled workers. Finally, they allow the municipality to focus its attention on other areas of the city. On the negative side, local municipalities first often tend to lower their baseline services due to the perceived increase in top-up services. Secondly, Improvement Districts create wealth-based inequalities in service delivery (Briffault, 1999), which simply means that those who are able to pay the additional taxes are able to benefit from additional service delivery. Thirdly, because Improvement Districts are geographically defined, they create or deepen space-based inequalities in service delivery. Fourthly, Improvement Districts are singularly focused, and services may detrimentally affect other neighbourhoods. For example, crime may spill over into areas that do not form part of the district (see Adler, 2000).
- Benevolent regimes versus democracy: Improvement Districts present an opportunity to develop the much vaunted governance model between the private and public sectors and enable a highly focused and flexible form of urban governance (Levy, 2001). As such they enable a constructive engagement and partnering process between and among the various parties, enabling the building of 'social business capital'. However, the success of the Improvement District could damage belief and trust in the elected representatives and even the democratic system at large, suggesting that the State is incompetent and that the best way to run the world is to hand it over to business/the market (see Firestone, 1998; Lueck, 1998).
- The inner cities versus the suburbs: Improvement Districts represent a concerted effort by businesses to change perceptions of inner-city areas, freeing revitalisation/renewal efforts from being restricted by limited public finances. As such they challenge the suburban areas, which have been attracting inner-city business, with well-funded professionally organised private sector initiatives by combining, in a managed environment, the

<sup>2</sup> Improvement Districts are established via legislation for a pre-defined period of time, usually 3 years, before they are evaluated and re-constituted for a further pre-defined period. This practice enables financing institutions to provide Improvement Districts with sufficient credit to finance more expensive capital items. This is not possible under a voluntary collection system.

diverse disciplines of crime prevention, maintenance, marketing, landscape architecture and urban design for a co-ordinated approach to inner-city improvement (Levy, 2001). On the negative side, the success of the Districts could result in the poor being crowded out of the inner-city areas, as they may be unable to afford the higher rentals and taxes that may accompany an improvement in these or adjacent areas (Houstoun, 1997).

#### 4. IMPROVEMENT DISTRICTS IN SOUTH AFRICA: THE FINDINGS

This section presents and discusses the key findings of the study gathered by means of land-use surveys as well as questionnaires and interviews with the chairpersons of all 23 Improvement Districts in the four metros where these Districts were in operation in the second half of 2004.<sup>3</sup> The findings are grouped under three headings: land use composition, financial aspects and services offered.

#### 4.1 Land use composition of South African Improvement Districts

Table 1 provides the land use distribution/profile of the Improvement Districts by function (in percentages), while Figure 2 provides a graphic representation of these data.

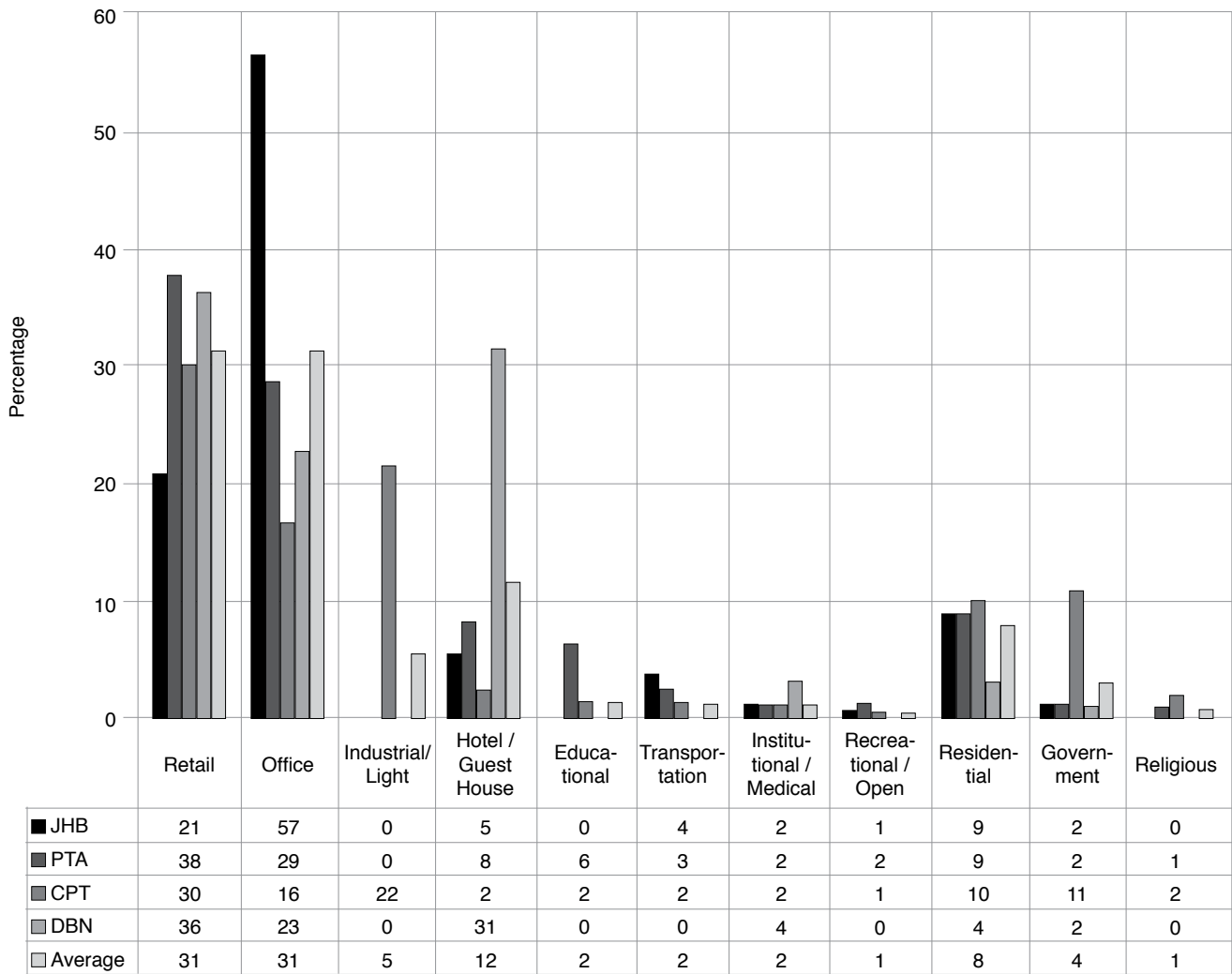
At the time of the survey, on average (see Table 1 and Figure 1) 31% of all properties in Improvement Districts were *Retail* in nature. The Church Street Improvement District (79%) had

Table 1: Improvement Districts: Land Use Distribution in percentages per region

IMPROVEMENT DISTRICT	% RETAIL	% OFFICE	% INDUSTRIAL/ LIGHT INDUSTRIAL	% HOTEL/GUEST HOUSE/ ACCOMMODATION	% EDUCATIONAL	% TRANSPORT ORIENTATED/ PARKING	% INSTITUTIONAL/ MEDICAL	% RECREATIONAL/ OPEN SPACE/ CULTURAL	% RESIDENTIAL	% GOVERNMENT	% RELIGIOUS	TOTAL (%)
AVERAGE LAND USE DISTRIBUTION IN SOUTH AFRICA (%)	31	32	5	12	2	2	2	1	8	4	1	100
JHB REGION % LAND USE DISTRIBUTION	21	56	0	5	0	4	2	1	9	2	0	100
Rosebank MD	60	30							10			100
Sandton Central CID	11	65		12		1		1	9	1		100
Illovo Boulevard MD		80							20			100
South Western CID	10	54		5		10	5	1	5	10		100
Central CID	34	40		5		10	2	2	5	1	1	100
Braamfontein CID	9	70		5	2	2	2	2	5	2	1	100
Esselen Street CID	30	40				5			20	5		100
PTA REGION % LAND USE DISTRIBUTION	38	29	0	8	6	3	2	2	9	2	1	100
Church Street CID	79	10		9						1	1	100
Hatfield CID	14	18		5	25	8	3	8	15	2	2	100
Arcadia CID	28	47		19			6					100
CPT REGION % LAND USE DISTRIBUTION	30	16	22	2	2	2	2	1	10	11	2	100
Wynberg ID	70	30										100
Epping CID	5		95									100
Fishhoek CID	60	15		3		10			9		3	100
Parow Industrial ID			100									100
Claremont ID**												Unknown
Sea Point ID	50	15			5		10		20			100
Cape Town Central CID	15	30		5	5	5		5		30	5	100
Green Point CID	15	48		5	3	3			20	3	3	100
Oranje-Kloof CID	20	10		10	5		5	5	40		5	100
Muizenberg ID	32									68		100
DBN REGION % LAND USE DISTRIBUTION	36	23	0	31	0	0	4	0	4	2	0	100
CBD IP	60	35								5		100
South Beach Precinct	16			60			12		12			100
North Eastern Business Precinct	33	33		34								100

\*\* Claremont ID no information available.

<sup>3</sup> The full study (a Masters dissertation submitted in partial fulfilment of the requirements for the degree Masters in Town Regional Planning) is available on the website of the University of Pretoria under the name of Clinton Heimann.



Percentage Land Use per Region

Figure 1: Improvement Districts: Percentage Land Use Distribution per region

the largest retail component, closely followed by the Wynberg (70%), Fishhoek (60%), Rosebank (60%) and Durban CBD (60%) Improvement Districts. The Illovo and Parow Industrial Improvement Districts had no retail components, while

the Epping Improvement District had a very small retail component (5%). It was also significant that the Cape Town Central Improvement District, in contrast to the Improvement Districts in the inner cities of the other metros, had a relatively

low retail component (16%) in its area of jurisdiction. The Parow and Epping Improvement Districts are Industrial and Light Industrial areas, respectively, and therefore had no other significant land uses in their areas of jurisdiction.

Table 2: Improvement Districts: International Survey: Land Use Composition

LAND USE CATEGORY	CANADA	CONTINENTAL EUROPE	JAPAN	NEW ZEALAND	SOUTH AFRICA	UNITED KINGDOM
RETAIL	48%	45%	23%	53%	43%	46%
OFFICE	20%	12%	12%	7%	27%	25%
HOTEL/LODGING	2%	1%	2%	3%	7%	4%
EDUCATIONAL	1%	3%	2%	3%	1%	3%
TRANSIT/PARKING	5%	4%	8%	4%	1%	5%
MEDICAL	5%	2%	2%	2%	1%	0%
RECREATIONAL/OPEN	2%	11%	4%	3%	1%	4%
RESIDENTIAL	6%	12%	28%	17%	13%	4%
CULTURAL	2%	5%	2%	0%	1%	2%
GOVERNMENT	3%	3%	4%	1%	2%	2%
RELIGIOUS	2%	2%	3%	5%	1%	1%

Source: Hoyt, 2003a

It must be noted that internationally South African Improvement Districts have a smaller retail land use component in comparison to all other surveyed countries, as indicated in Hoyt's (2003a) study findings (see Table 2).

As determined by the survey, the national Improvement District average for 'Offices' as land use was approximately 31% (Figure 2). Illovo Boulevard (80%) contained the largest office land use component, closely followed by the Braamfontein and Sandton Improvement Districts, with respectively 70% and 65% of their land use areas being office in nature. By comparison, the Fishhoek and Sea Point Improvement Districts only have an office component of 15%, the Church Street and Oranje-Kloof Improvement Districts having only a 10% office land use component.

In comparison with the other countries surveyed by Hoyt (2003a), South African Improvement Districts have a larger office land use component than all the other countries surveyed, as depicted in Table 2.

As far as the less prominent land uses are concerned, Figure 1 indicates that 5% of the land uses in Improvement District areas were Industrial in nature. Only two Improvement Districts in South Africa had Industrial land use components (see Table 1). These were the Parow Industrial Improvement District with an Industrial usage of 100% and the Epping Improvement District with a 95% Light Industrial use.

Table 1 indicates that approximately 12% of all the Land Use in Improvement Districts is 'Hotel/Guesthouse/Accommodation' in nature. The South Beach Precinct in the Durban region had a 60% Hotel/Guest-house/Accommodation land use component, while the North-Eastern Precinct and Arcadia Improvement Districts had 34% and 19% Hotel/Guest-house/Accommodation land use components, respectively. By contrast, the three Improvement Districts in the CBD areas of Johannesburg, Pretoria and Cape Town have a relatively small Hotel/Guest-house/Accommodation land use component of between 5% and 10%.

Internationally, South African Improvement Districts had a significantly larger Hotel/Guest-house/Accommodation land use component than all other surveyed countries, as depicted in Table 2.

The national average 'Educational land use' in Improvement Districts is estimated to be 2% (see Table 2 above). The Hatfield Improvement District was a notable exception with an approximately 25% educational share in its area of management. This is ascribed to the sizeable presence of the University of Pretoria in the area of the Improvement District. Internationally the educational land use component found within the Improvement Districts is similar to that found in South African Improvement Districts.

Nationally, 'Residential' land use in Improvement Districts was found not to be very significant – it only covered approximately 8% of the total land area of Improvement District areas. This, however, masks the high prominence in some Districts, such as the Muizenberg and Oranje-Kloof Improvement Districts, where residential land use percentages amounted to approximately 68% and 40%, respectively (see Table 1). In addition, the Illovo Boulevard, Esselen Street, Sea Point and Green Point Improvement Districts had residential components of slightly more than double the national average. At the same time, a number of Improvement Districts had no residential land use component, namely Church Street, Arcadia, Wynberg, Cape Town Central Improvement District, Durban CBD Improvement Precinct and the North-Eastern Precinct. It is somewhat surprising that all the Improvement Districts located in CBD areas, with the exception of the Johannesburg Central Improvement District (with a residential component of 5%), had no residential components.

When compared with the international profile (see Table 2), South African Improvement Districts have on average a smaller residential component in Improvement Districts than in the other countries surveyed. One possible explanation for this limited prevalence of strongly residential-focused Improvement Districts in South Africa could, according to well-known inner-city redevelopment expert Neil Fraser (2004: Personal interview), be as a result of an over-emphasis of safety and security aspects in applying for Improvement District status. According to Mr Fraser:

Residential Improvement Districts must not solely focus on safety issues when submitting a business plan to the Local Authority, as this would lead to the respective governmental authority turning down the application. Rather,

the Residential Improvement District should focus on the maintenance and beautification of the neighbourhood. The proposed Glen Austin Improvement Districts and a number of proposed Residential Improvement Districts in Pretoria were turned down by their respective local authorities, as a result of the abovementioned emphasis on security.

'Government' land use constituted approximately 4% of the total land use of all Improvement Districts in South Africa (Figure 1). The Cape Town Central Improvement District had the largest government land use component in its area of jurisdiction – approximately 30% of the total land use of the area (see Table 1). What is notable in relation to Government as land use is that 45% of all the Improvement Districts in South Africa had some form of Government land use in their areas of jurisdiction.

Internationally, the Government land use component is estimated at approximately 3%-3.5%, which is very similar to the 4% coverage of the land use component in South African Improvement Districts.

In summary, it is evident that the dominant land uses in Improvement Districts at the time of the survey were Retail and Offices with Tourism-related and Residential land uses occupying a smaller segment. Compared to the international picture, the situation in South Africa with regard to land use in Improvement Districts is very similar in relation to the Office and Retail land use categories, but differs with regards to the Residential component, with a far smaller segment of the area of the local Districts being taken up by this land use. Improvement Districts in South Africa, however, had a higher hotel/guest-house/accommodation segment than their international counterparts.

## 4.2 Financial aspects

The relative budget sizes of South African Improvement Districts, at the time of the survey in the second half of 2004, are depicted in Figures 2 and 3 below. The budget sizes have been divided into 'small', 'medium' and 'large' Improvement Districts, based on Houston's (1997) categorisation of budget size. Figure 2 illustrates that slightly less than half of the 23 Improvement Districts in South Africa (48% or eleven) were 'small-sized', with annual budgets ranging from R 280 000 to R 1.75 million. At the same time, 43%

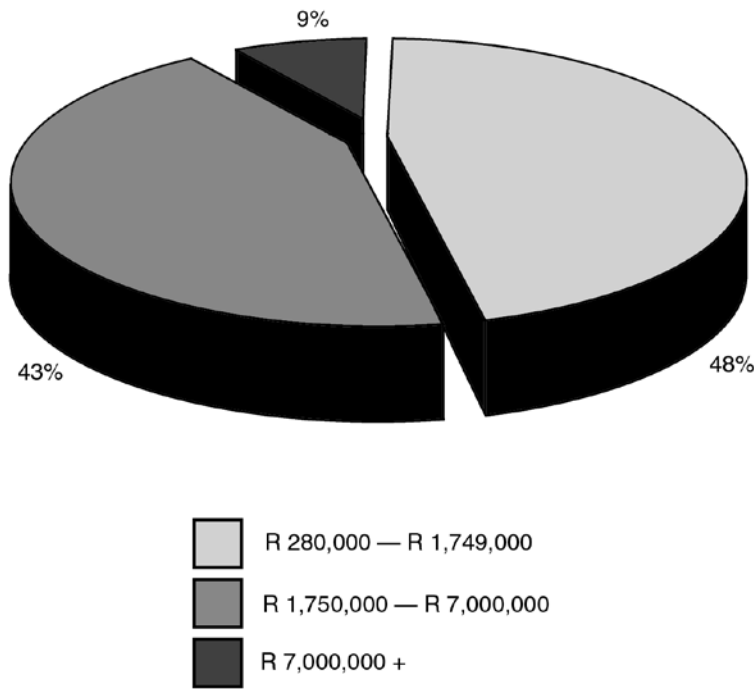


Figure 2: Improvement Districts in South Africa grouping according to Budget Size

or ten of the Improvement Districts in South Africa were medium-sized, with annual budgets ranging between R 1.75 million and R 7 million. Only 9% or two of South African Improvement Districts could be described as large-sized, with annual budgets exceeding R 7 million. These were the Sandton Central and the Cape Town Central Improvement Districts.

Figure 2 shows the budget sizes for each Improvement District based on region. In the Johannesburg region, the Sandton CID had the largest annual budget of approximately R 7 million, followed by the South Western CID and the Central CID with annual budgets of approximately R 3.5 million and R 3.2 million, respectively. The Illovo Boulevard MD had the smallest annual budget, calculated at approximately R 1.3 million. The average annual budget size in the Johannesburg region was approximately R 3.4 million.

In the Pretoria region, the Hatfield CID had the largest annual budget of approximately R 3.1 million, followed by the Church Street and Arcadia CID with annual budgets of R 1.8 million and R 1.3 million, respectively. The Esselen Street CID has the smallest annual budget in the region, approximately R 720 000. The average annual budget size in the Pretoria region was approximately R 1.9 million.

<sup>4</sup> Calculated at approximate exchange rate: \$1.00 = R7.00

In the Cape Town region, the largest Improvement District was the Cape Town Central CID, which had an annual budget of R 17.2 million. It was also the only Improvement District in the country that included all the properties in the CBD of the city in which it was located. The Claremont and Epping Improvement Districts have annual budgets of R 3.7 million and R 3 million, respectively. The average annual budget size in the Cape Town region was approximately R 3.1 million.

The largest Improvement District in the Durban region was the CBD IP with an annual budget of R 2.5 million. The North-Eastern Business and South Beach Precincts had annual budgets of R 1.5 million and R 1 million, respectively. The average annual budget size in the Durban region was approximately R 1.6 million.

In terms of international comparison the average annual Improvement District budget in South Africa was approximately R 2.8 million. This differs slightly from the average annual International

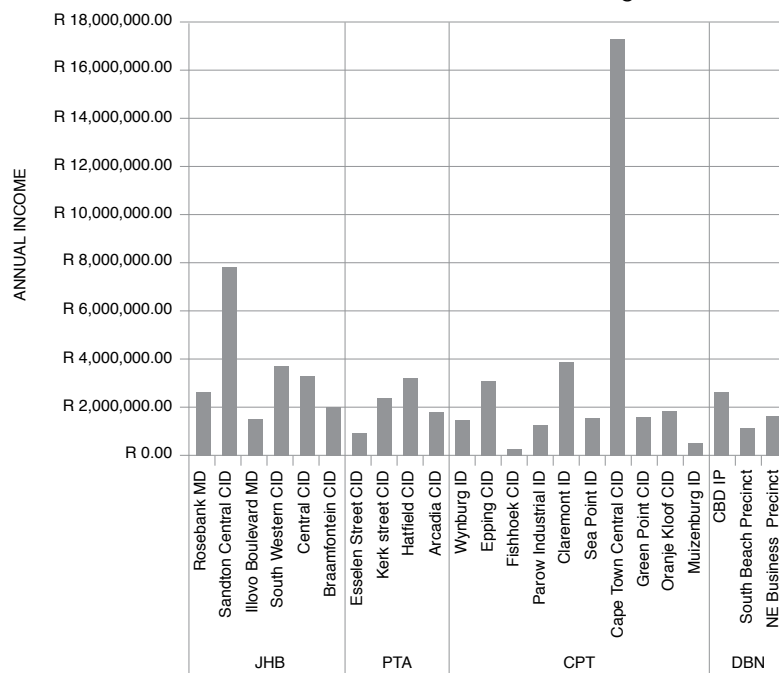


Figure 3: South African Improvement Districts: Budget Size according to Improvement District, per region

Table 3: International Average Improvement District Income, 2002/2003 financial year

Country	Average Improvement District income per annum <sup>4</sup>
United Kingdom	R 5 885 614
Japan	R 5 486 565
Continental Europe	R 3 842 475
South Africa	R 2 800 000*
Canada	R 1 347 738
New Zealand	R 681 233

(\* Adjusted from the Hoyt study that indicated the average Improvement District Income budgets to be R2 170 826)  
Source: Hoyt, 2003a

Table 4: Average Monthly Levy per Property (2004 figures)

IMPROVEMENT DISTRICT	ANNUAL BUDGET	APPROXIMATE NUMBER OF PROPERTIES	AVERAGE MONTHLY LEVY PER PROPERTY <sup>5</sup>
<b>SOUTH AFRICAN IMPROVEMENT DISTRICTS (TOTAL)</b>	<b>R 64,976,986</b>	<b>3831</b>	<b>R 1,413</b>
<b>JOHANNESBURG REGION</b>	<b>R 20,488,998</b>	<b>527</b>	<b>R 3,240</b>
Rosebank MD	R 2,553,264	67	R 3,176
Sandton Central CID	R 7,800,000	119	R 5,462
Illovo Boulevard MD	R 1,371,582	57	R 2,005
South-Western CID	R 3,588,300	112	R 2,670
Central (Johannesburg) CID	R 3,265,956	94	R 2,895
Braamfontein CID	R 1,909,896	78	R 2,040
<b>PRETORIA REGION</b>	<b>R 7,817,393</b>	<b>253</b>	<b>R 2,575</b>
Esselen Street CID	R 720,000	46	R 1,304
Church Street CID	R 2,200,000	68	R 2,696
Hatfield CID	R 3,120,000	76	R 3,421
Arcadia CID	R 1,777,393	63	R 2,351
<b>CAPE TOWN REGION</b>	<b>R 31,670,595</b>	<b>2751</b>	<b>R 959</b>
Wynberg ID	R 1,275,000	101	R 1,052
Epping CID	R 3,000,000	273	R 916
Fishhoek CID	R 240,000	114	R 175
Parow Industrial ID	R 1,152,000	179	R 536
Claremont ID	R 3,781,899	137	R 2,300
Sea Point ID	R 1,400,000	250	R 467
Cape Town Central CID	R 17,241,696	1,073	R 1,339
Green Point CID	R 1,400,000	100	R 1,167
Oranje-Kloof CID	R 1,700,000	144	R 984
Muizenberg ID	R 480,000	380	R 105
<b>DURBAN REGION</b>	<b>R 5,000,000</b>	<b>300</b>	<b>R 1,389</b>
CBD (DURBAN) IP	R 2,500,000	180	R 1,157
South Beach Precinct	R 1,000,000	50	R 1,667
North-Eastern Business Precinct	R 1,500,000	70	R 1,786

Improvement District Budget Size of approximately R 3.4 million, as reported by Hoyt (2003a) a year earlier (see Table 3).

Table 4 lists the budgets and average monthly levies per property in South African Improvement Districts region in 2004.

Table 4 indicates that the total annual Improvement District Budget in South Africa was approximately R 65 million at the time of the survey in the second half of 2004. There are approximately 3 800 properties in 23 legally ratified Improvement Districts in South Africa. The average monthly levy contribution per property was therefore approximately R 1 400. Furthermore, Figure 4 shows that the monthly levy paid per property in Improvement Districts is considerably less in the Cape Town region (R 959) than in any other region in South Africa. At the same time, the highest monthly levy of R 5 462 was paid in the Sandton Improvement District. The Johannesburg Region was also the area with the highest average monthly levy payable per property at R 3 240.

### 4.3 Services offered

Respondents were asked to select from a number of options the type of services provided by their Improvement Districts, and to indicate how many years after the inception of the Improvement Districts, the specific services were implemented. Respondents could choose from the following options: Security, Information, Maintenance, Marketing, Physical Improvements, Special Programmes and Business Recruitment.

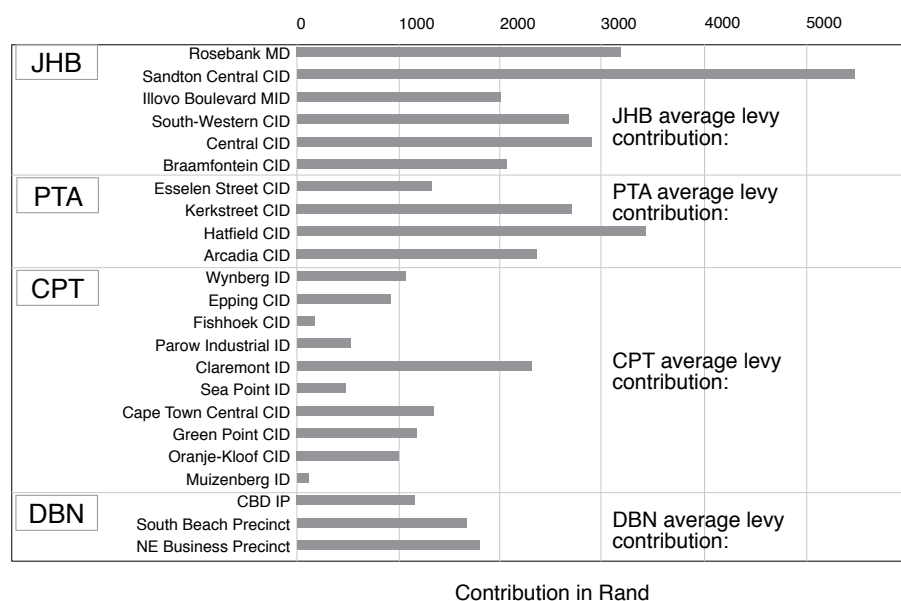
#### 4.3.1 Security

In terms of Security (see Table 5), all the Improvement Districts had 'security guards' (100%), whereas only 30% had 'closed-circuit television' and a further 9% of Improvement Districts had 'special policing equipment'. Security services provided include privately sponsored patrol vehicles and collaborations with the Metro Police and South African Police Services.

#### 4.3.2 Information

Overall, 61% of the Improvement Districts provided 'information' in an informal way, in most cases by means of security guards who had been trained to provide this service. This type of service was most popular in Durban (100%;

Figure 4: Average monthly Levy contributions



<sup>5</sup> Rounded off to the nearest Rand



Table 5: Services provided by Improvement District, per region

SECURITY	TOTAL PERCENTAGE	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Security guard	100%	100% (n=10)	100% (n=6)	100% (n=4)	100% (n=3)
Closed-circuit TV	30%	40% (n=4)	33% (n=2)	25% (n=1)	*
Special policing equipment	9%	10% (n=1)	*	25% (n=1)	*
Other	17%	20% (n=2)	33% (n=2)	25% (n=1)	*

n = number of Improvement Districts

\* = no data were found for this specific category

Table 6: Information services provided by Improvement District, per region

INFORMATION	TOTAL PERCENTAGE	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Formal kiosk	30%	40% (n=4)	33% (n=2)	25% (n=1)	*
Informal on-street assistance	61%	30% (n=3)	83% (n=5)	75% (n=3)	100% (n=3)
Other	9%	10% (n=1)	17% (n=1)	*	*

n = number of Improvement Districts

\* = no data was found for this specific category

Table 7: Maintenance/Cleaning Services provided by Improvement District, per region

MAINTENANCE/CLEANING	TOTAL PERCENTAGE	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Sweeping	96%	100% (n=10)	100% (n=6)	100% (n=4)	67% (n=2)
Waste removal	78%	60% (n=6)	100% (n=6)	100% (n=4)	67% (n=2)
Graffiti removal	52%	30% (n=3)	100% (n=6)	75% (n=3)	*
Painting	9%	*	17% (n=1)	25% (n=1)	*
Trimming trees	22%	30% (n=3)	17% (n=1)	25% (n=1)	*
Planting trees and flowers	43%	50% (n=5)	83% (n=5)	*	*
Other	17%	10% (n=1)	*	50% (n=2)	*

n = number of Improvement Districts

\* = no data were found for this specific category

n=3), followed by Johannesburg (83%; n=5) and Pretoria (75%; n=3). Only 30% of Improvement Districts had 'formal information kiosks', with Cape Town peaking at 40% (n=4), Johannesburg at 33% (n=2) and Pretoria at 25% (n=1).

#### 4.3.3 Maintenance/Cleaning

The most common types of 'maintenance/cleaning' services

included 'sweeping', done by 96% of the Improvement Districts, and 'waste removal', done by 76% of the Districts. Fewer Cape Town Improvement Districts provided 'waste removal' services (60%; n=6) than any of the other regions surveyed. Although it was general practice for Improvement Districts to hire contractors to perform this service, *waste removal* was usually done by

the City. 'Graffiti removal' was done by all Johannesburg Improvement Districts (100%; n=6), as well as by most Improvement Districts in Pretoria (75%; n=3).

Most Johannesburg Improvement Districts (83%; n=5) and half of the Cape Town Improvement Districts (n=5) were involved in the 'planting of trees and flowers'. The 'trimming of trees' was offered by 22% of the Improvement

Table 8: Marketing services provided by Improvement District, per region

MARKETING	TOTAL PERCENTAGE	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Market research	38%	40% (n=4)	33% (n=2)	50% (n=2)	*
Promotional strategies	56%	30% (n=3)	83% (n=5)	75% (n=3)	67% (n=2)
Media liaison	61%	50% (n=5)	83% (n=5)	100% (n=4)	*
Organising events	52%	40% (n=4)	83% (n=5)	75% (n=3)	*
Co-ordinate sale promotions	*	*	*	*	*
Promotional maps	30%	10% (n=1)	83% (n=5)	25% (n=1)	*
Newsletter	91%	80% (n=8)	100% (n=6)	100% (n=4)	100% (n=3)
Advertising campaigns	39%	20% (n=2)	67% (n=4)	75% (n=3)	*
Informational signage	48%	50% (n=5)	67% (n=4)	25% (n=1)	33% (n=1)
Other	4%	10% (n=1)	*	*	*

n = number of Improvement Districts

\* = no data were found for this specific category

Districts, including Cape Town (30%; n=3), Johannesburg (17%; n=1) and Pretoria (25%; n=1).

'Painting' was undertaken by 25% (n=1) of the Pretoria and 17% (n=1) of the Johannesburg Improvement Districts. 'Other' 'maintenance/cleaning services' consisted of 'the removal of illegal posters, reporting non-functional street

lights, missing road signage, damaged/full parking metres and the storm-water system to the Local council' (Arcadia Improvement District).

#### 4.3.4 Marketing

The most common 'marketing service' (other than meetings held) offered by Improvement Districts in South Africa was

the provision of 'newsletters' (91%). The Johannesburg Central CID, Sandton CID, Illovo CID and Cape Town Improvement Districts had fully functional websites, which provided background information and recent developments within the Improvement Districts.

In general a large number of the Improvement Districts in Johannesburg

and Pretoria provided 'promotional strategies' (83% and 75%, respectively), 'media liaisons' (83% and 100%, respectively) and 'organised social and cultural events' (83% and 75%, respectively). By contrast, only 50% or less of the Improvement Districts in Cape Town provided these services.

'Informational signage (of the management areas), promotional maps and advertising' was done by a high percentage of Johannesburg and Pretoria Improvement Districts, but by less than half of Cape Town's Improvement Districts.

The Cape Town Central City Improvement District deployed the largest number of 'marketing' strategies, closely followed by the Sandton,

South-Western, Johannesburg Central City and Church Street Improvement Districts. At the time of the study the Improvement Districts in Durban had no 'marketing' strategies. Their partners in the tourism industry, however, provided marketing services on their behalf.

**4.3.5 Physical improvements**

'Street lighting' as a 'physical' improvement was attended to by a large percentage of the Johannesburg (67%; n=4) and Durban (67%; n=2) Improvement Districts and all the Pretoria (100%; n=4) Improvement Districts. Sixty seven percent (67%) of the Johannesburg Improvement Districts and 40% of the Cape Town Improvement Districts provided 'signage

and landscaping'. The majority of the Pretoria Improvement Districts (75%; n=3) provided 'dustbins', compared to half of the Johannesburg and 20% of the Cape Town Improvement Districts. In general, 'pavement improvements, public art, building construction, kiosks and benches' were supplied by a low percentage of the Improvement Districts, with only Johannesburg Improvement Districts providing half (50%, n=3) of pavement improvements and public art.

**4.3.6 Special programmes**

A number of South African Improvement Districts implemented 'special programmes'. The most prominent programme implemented by Improvement

Table 9: Physical improvements provided by Improvement District, per region

PHYSICAL IMPROVEMENTS (CAPITAL)	TOTAL PERCENTAGE	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Dustbins	34%	20% (n=2)	50% (n=3)	75% (n=3)	*
Benches	9%	*	17% (n=1)	25% (n=1)	*
Signage	43%	40% (n=4)	67% (n=4)	25% (n=1)	33% (n=1)
Landscaping	34%	40% (n=4)	67% (n=4)	*	*
Kiosks	13%	10% (n=1)	17% (n=1)	25% (n=1)	*
Pavements	22%	20% (n=2)	50% (n=3)	*	*
Public art	13%	*	50% (n=3)	*	*
Street lighting	52%	20% (n=2)	67% (n=4)	100% (n=4)	67% (n=2)
Building construction	9%	20% (n=2)	*	*	*

n = number of Improvement Districts  
 \* = no data were found for this specific category

Table 10: Special Programmes provided by Improvement District, per region

SPECIAL PROGRAMMES	TOTAL %	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Transport	*	*	*	*	*
Parking	13%	10% (n=1)	*	50% (n=2)	*
Ticketing	*	*	*	*	*
Sponsorship of shuttles	*	*	*	*	*
Wheel clamping	4%	10% (n=1)	*	*	*
Access control: Management of municipal garages and parking lots	17%	20% (n=2)	17% (n=1)	25% (n=1)	*
Homeless communities	30%	40% (n=4)	17% (n=1)	50% (n=2)	*
Other	30%	40% (n=4)	34% (n=2)	25% (n=1)	*

n = number of Improvement Districts  
 \* = no data were found for this specific category

Table 11: Business recruitment services provided by Improvement District, per region

BUSINESS RECRUITMENT	TOTAL PERCENTAGE	CAPE TOWN	JOHANNESBURG	PRETORIA	DURBAN
Specify type	22%	10% (n=1)	*	25% (n=1)	100% (n=3)

n = number of Improvement Districts  
 \* = no data were found for this specific category

Districts was the support of 'homeless communities', undertaken by 40% (n=4) of the Cape Town, 50% (n=2) of the Pretoria and 17% (n=1) of the Johannesburg Improvement Districts. This programme was generally provided in partnership with the Local Government and Non-Governmental Organisations (NGOs).

**4.3.7 Business recruitment**

Notably, all the Durban Improvement Districts offered 'business recruitment', which includes the recruitment of informal arts and crafts traders, whereas only 10% of the Cape Town and 25% of the Pretoria Improvement Districts offered this service. However, structured

recruitment processes did not form part of Improvement Districts' operational strategies. This can be ascribed to the fact that the Improvement Districts are run by organisations created specifically to implement the objectives of Improvement Districts and not to offer this service.

In summary, it is clear that South African Improvement Districts perform a wide range of functions, many of which being services that would have been viewed 20 to 30 years ago as City functions. Despite these many services, the study also found that the services provided first by the majority of Improvement Districts were 'Security, Maintenance/Cleaning', and the 'Provision of information', again emphasising the impact of crime on business activities and areas in the country.

## 5. CONCLUSION AND AREAS FOR FURTHER RESEARCH

Improvement Districts have become a general feature in urban South Africa, but one about which very little is known. This article, based on research into all those Districts that were in existence in the country in the second half of 2004, listed the key features of this phenomenon as well as their costs and benefits. Over and above a discussion of the land use profiles, the financial aspects of this new concept and the services they offered, a comparison was also drawn between the local phenomenon and its international counterparts.

As far as further research is concerned, it would be interesting to investigate how issues have changed since 2004 and what the trends are in relation to spatial location of the CIDs, their land use profiles, financial position and effectiveness of services rendered. In addition, the popular positive and negative views on this concept should be explored further and tested for validity.

## ACKNOWLEDGEMENTS

The authors would like to thank Lené le Roux and Sanell Venter for their assistance with the finalisation of this article.

## REFERENCES

ADLER, M. 2000. Why BIDs are Bad Business. *New York Times*, 149(51297), p.17, February

BREMNER, L. 2000. Reinventing the Johannesburg Inner City. *Cities*, 17(3), pp.187-302, May.

BRIFFAULT, R. 1999. A Government for Our Time? Business Improvement Districts and Urban Governance. *Columbia Law Review*, 99(2), pp. 365-477.

COX, C. 2000. Improvement Districts Platforms for Sustainable Urban Regeneration. *Proceedings: Strategies for a sustainable built environment*. Pretoria. 23-25 August 2000.

FIRESTONE, D. 1998. An admirer of Giuliani feels his wrath. *New York Times*, 147(51235), p.B6, July.

FRASER, N. 2003. *Citichat. 51: A Focus on BIDs/CIDs*. [online]. Available from: <[http://www.joburgnews.co.za/citichat/2003/jan27\\_citichat.stm](http://www.joburgnews.co.za/citichat/2003/jan27_citichat.stm)>.

FRASER, N. 2004. Inner-city redevelopment expert. *Personal Interview*, 8 December.

GABRIEL, F. 1997. As roles, powers expand, BIDs come under scrutiny. *Crain's New York Business*, 13(35), p.19, September.

HOOPER-BOX, C. 2003. Manuel's no more Hillbrows plan gets a positive response. *Sunday Independent*, p. 3, 2 March.

HOUSTOUN, L. 1997. *Business Improvement Districts*. Washington, DC: Urban Land Institute and the International Downtown Association.

HOUSTOUN, L. 2003a. *Business Improvement Districts*. Washington, D.C.: Urban Land Institute.

HOUSTOUN, L. 2003b. *BIDs: Devolution or Revolution*. Cleveland, Ohio: International Downtown Association.

HOYT, L. 2003a. *Collecting Private Funds for Safer Public Spaces: An Empirical Examination of the Business Improvement District Concept*. [online]. Available from: <<http://www.urbanrevitalization.net>>

HOYT, L. 2003b. Draft Editorial June 2003. *The Business Improvement District: An Internationally diffused approach to Revitalization*. [online]. Available from: <<http://www.urbanrevitalization.net>>

HOYT, L. 2003c. *Lecture notes: Lecture six: Impacts, Advantages, and Disadvantages of Improvement Districts*. Massachusetts Institute of Technology.

LUECK, T.J. 1998. Business district vows to fight city's order to shut it down. *New York Times*, 147(51235), p. B1, July.

LEVY, P.R. 2001. Paying for the public life. *Economic Development Quarterly*, 15(2), pp. 124-131.

MITCHELL, J. 1999. *Business Improvement Districts and Innovative Service Delivery*. New York: The PricewaterhouseCoopers Endowment for the Business of Government.

PACK, J.R. 1992. BIDs, DIDs, SIDs, and SADs: Private Governments in Urban America. *Brookings Review*, 10(4), pp. 18-21.

SOUTH AFRICA. 1996. *The Constitution of the Republic of South Africa, Act 108 of 1996* / edited by Juta's Statutes editors.

SOUTH AFRICAN CITIES NETWORK. 2003. A South African Urban Renewal Overview. [www.sacities.net](http://www.sacities.net).

SOUTH AFRICAN CITIES NETWORK. 2004. State of Cities Report 2004. Johannesburg. South African Cities Network.

SOUTH AFRICAN CITIES NETWORK. 2006. State of Cities Report 2006. Johannesburg. South African Cities Network.

SOUTH AFRICA. 1998. *The White paper on Local Government*. Pretoria: Government Printer.

STATISTICS SOUTH AFRICA. Census 1996 and 2003 data. Accessed from the official website <<http://www.statssa.co.za>>.

STOKVIS, J.R. 2003. Co-operation and Competition: Twin keys to successfully Managing Downtown Business Districts: A Study of Special Assessment Districts and Business Improvement Districts. Unpublished paper.

TOMLINSON, R. 1999. From Exclusion to Inclusion: Rethinking Johannesburg's Central City. *Environment and Planning A*, 31(9), pp. 1665-1678.

UNITED NATIONS. 2004. *World Urbanization Prospects: The 2003 Revision*. New York: United Nations.

## (FOOTNOTES)

1 Calculated at approximate exchange rate: \$ 1.00 = R 7.00.

2 Rounded off to the last Rand.