

City Improvement Districts (CIDs) in Johannesburg

Assessing the political and socio-spatial implications of private-led urban regeneration

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City Improvement Districts (CIDs) veranschaulichen den wachsenden Einfluss lokaler Geschäftsleute und Grundbesitzer in der Stadtentwicklung. Diese Public Private Partnerships werden in Selbsthilfe organisiert und finanziert. Klar definierte öffentliche Räume sollen so vor allem durch die Verbesserung öffentlicher Dienstleistungen bewirtschaftet und entwickelt werden. In Johannesburg wurde das von mächtigen Geschäftsinteressen eingeführte nordamerikanische CID-Modell ein inzwischen häufig angewandtes Mittel für die Aufwertung der verfallenden Innenstadt sowie der reichen Vorortzentren. Der Artikel analysiert das Aufkommen der CIDs und beschreibt die Zusammenhänge dieser Entwicklung im Kontext des südafrikanischen Übergangs zur Demokratie und der Veränderungen nach dem Ende der Apartheid. Über die Wirkung der CIDs für die Innenstadtentwicklung hinaus wird erklärt, wie sich die Balance von den öffentlichen Interessen zur wachsenden Macht privater Akteure verschiebt und welche Konsequenzen das für die Veränderung der innerstädtische Raumstrukturen hat. Darüber hinaus lenkt der Artikel die Aufmerksamkeit auf die neuen Formen lokaler Partizipation, die durch die Organisation von CIDs unterstützt wird. Das führt zu der Frage, wie und in welchem Ausmaß dadurch der Weg für eine städtische Umstrukturierung im Sinne der Eliten frei wird.

Introduction

Private-led urban regeneration has been promoted in many cities worldwide in a context of growing scarcity of public funds, increasing devolution of responsibilities and functions to the local level and rising public private partnerships in Local Economic Development (LED). Business Improvement Districts (BIDs) or City Improvement Districts (CIDs) in particular have developed as an international model for revitalising commercial areas in declining downtown as well as in higher to lower-income neighbourhoods in both southern and northern cities.¹ Whilst there is no standard definition of CIDs, these organisations are mostly defined as self-taxing, self-help public private partnership organisations set up by business and property owners to maintain, promote and develop public areas within a perimeter, specifically through the enhancement of public services.² Their spreading has been linked to the upcoming of an “urban entrepreneurialism” and the rise of neo-liberal forms of governance as competition between cities in the global economy becomes greater than ever.³

CIDs illustrate the trends towards public infrastructure and urban streets being handed over to commercial and profit-seeking organisations.⁴ However, research on CIDs has mainly considered them as a tool of LED and urban revitalisation, emphasising their form, functions and operating practices. They have primarily been analysed as a new mechanism for municipal services delivery thus missing implications such as the leadership many of these private organisations exercise in shaping public policy and their emerging role in the management and governing of the city.⁵ Following the discussion on the trends towards “private cities”⁶ (of which gated communities, shopping malls and entertainment centres represent major expressions), this paper argues that CIDs are part of the

significant shifts we observe today in the ways public urban space is being regulated and controlled. These publicly sanctioned yet privately directed organisations have much farther reaching political and socio-spatial implications. By combining local economic development tools, urban management instruments and policing strategies, not only do they reshape urban forms and redefine the decision-making structure of the city but also challenge the conceptions of public interest. This paper analyses the emergence of CIDs in Johannesburg and highlights some of the key issues that they pose in the particular context of post-apartheid South Africa.⁷

City Improvement Districts: Pulling out private resources to upgrade public areas

Urban regeneration in Johannesburg rests on economic and social problems which share similarities with both northern and southern cities: a declining inner city affected by deindustrialisation, the development of suburban shopping malls, the decentralisation of office parks, and the “white flight” out of the inner residential areas linked to rising rates of crime; high levels of unemployment and poverty; and the growth of economic informality.⁸ But Johannesburg, a highly unequal city, shaped by the legacy of apartheid, has to steer and manage complex and specific social and political change. Inter-racial patterns of inequality and strong spatial disparities have been driven by decades of “racial Fordism” while the transition to post-Fordism suggests increasing intra-racial inequalities and growing urban social polarisation.⁹ One of the main challenges of LED is to enhance the economic basis of the city while overcoming spatial biases, social exclusion and new forms of class-based inequalities. The redistribution of revenue and expenditure after years of colonial and segregation models of urban finance

- 1 Hoyt 2003, Wiezorek 2004.
- 2 Gross 2005, Houston 1997.
- 3 Harvey 1992, Hall and Hubbard 1996.
- 4 Graham 2001: 367.
- 5 Levy 2001.
- 6 Glasze et al. 2005.
- 7 This paper is based on exploratory field research conducted in 2005 within the framework of the research programme on “Privatisation of security in Sub-Saharan African cities: Urban dynamics and new forms of governance (Cape Town, Johannesburg, Durban, Lagos, Ibadan, Kano, Nairobi, Maputo, Windhoek)” sponsored by the French Institute of South Africa (IFAS) and the two French Institutes for Research in Africa (IFRA) based in Ibadan and Nairobi.
- 8 Beall et al. 2002, Beavon 2004.
- 9 Beall et al. 2002: 46, 62.

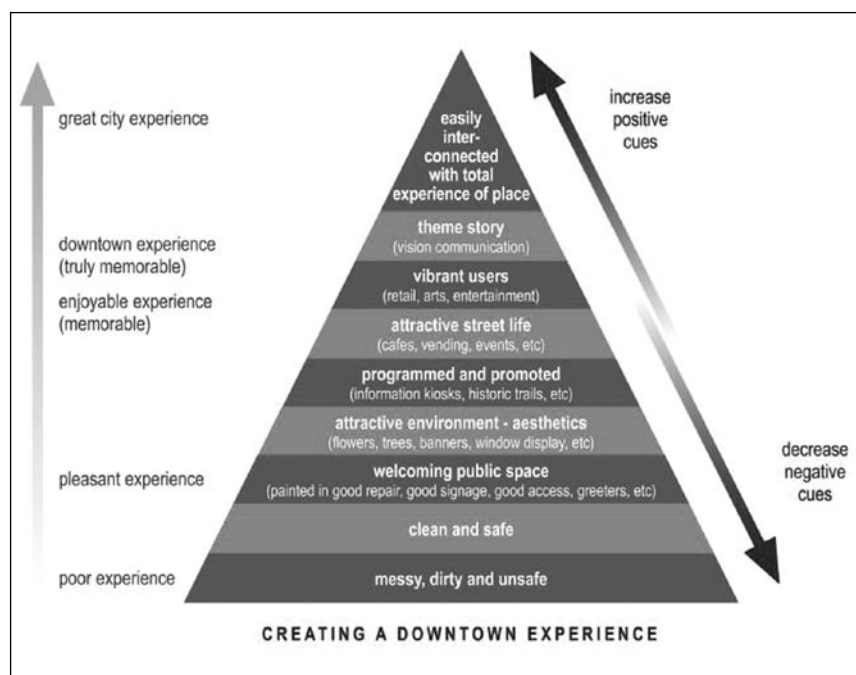
► Photo 1: Street seats in Ghandi Square, Johannesburg CBD. Picture by Lucille Davie, www.joburg.org.za, 2006.



► Photo 2: The pedestrianisation of Main Street, Johannesburg CBD. Picture by Lucille Davie, www.joburg.org.za, 2006.



► Figure 1: The triangle diagram



erate exclusively within the boundaries of each of the CID. They usually include security, cleaning and maintenance of public spaces, marketing, physical improvements and special programmes to address aspects such as transportation, access and parking. Some CIDs also include social programmes such as in Rosebank (creation of a Homeless Association, development of income-generating activities and a car guard scheme employing the homeless). The provision of services is based on a hierarchy of needs established after a specific approach devised by the Central Johannesburg Partnership (CJP)¹⁵ known as the triangle diagram “creating the urban experience” or “creating a downtown experience”(Figure 1).

The inner city CIDs’ services are more confined to crime and grime. Security and cleanliness, marketing and development of business are meant to change negative perceptions of the downtown area and reverse business decay. Public spaces have received specific attention through landscaping and refurbishing: creation of new or upgrading of existing public open space (Gandhi Square, Mary Fitzgerald Square), interconnection between them through walkways (between Gandhi Square and the Carlton Centre), pedestrianisation (Main Street) (photos 1 and 2).

The northern suburbs (Rosebank, Sandton, Illovo, Randburg) are less affected by serious crime and urban degradation. Branding, landscaping and promoting cultural entertainment are among the main complementary services provided by the CIDs along with security and maintenance as suburban nodes seek to become prominent business, service or tourism centres and compete between each other.¹⁶ Their territorial strategies are intimately connected to the various ways of ‘place-making’ and ‘place-promoting’ that features in the urban policy discourses in Europe today.¹⁷ Strategies have been developed to turn a satellite city business district into a cosmopolitan ‘village’ (the Rosebank Management District); rezoning has been implemented in a residential area to develop a predominantly high profile corporate business node (Illovo Boulevard) (figure 2, photo 3); an edge city and

10 Tomlinson et al. 2003.

11 See Didier and Morange in this issue.

12 Interview with the former director of the CJP, March 2005.

13 Improvement Districts are constituted as non-profit (Section 21) companies with a Board of Directors elected among the contributors. It comprises property owners, business owners, and representatives of residents’ organizations (if relevant) and a representative of the local authority. The levy is based on the calculations on ratable property values (costs are borne in proportion to the value of the property). Through legislation, the cost of provision of CID services

remains a highly debated issue. It was at the heart of the structural reform of the government introduced after the 1994 transition. The relationships between public and private stakeholders and communities are being renegotiated in light of the political expectation - and frustration - with regard to the promotion of democratic and grass-roots participation.¹⁰

CIDs have been implemented as a promising tool of urban regeneration inspired by the successful North American examples as was the case in Cape Town.¹¹ The forerunner of South African CIDs was established in the inner city of Johannesburg by business and property owners as soon as 1993 on a voluntary and pilot basis and it is said to have been very successful in its impact on crime levels.¹² Following this experiment, these private organisations¹³ have spread to the CBD, the adjacent mixed areas and to the decentralised nodes located in the northern suburbs over the past decade. In 2006, there were 10 legislated CIDs, 6 “informal” voluntary improvement districts and 4 precinct projects also falling under the category.¹⁴

The services provided by the CIDs are supplementary to those provided by the local authority and op-

a secluded sub-urban node is the object of efforts to turn it into a sophisticated and open “Enterprising Global Hub” (Sandton Central)¹⁸.

Urban regeneration and the neo-liberal turn in Johannesburg

CIDs embody and even anticipated the neo-liberal turn of the African National Congress’ (ANC) politics that occurred in the mid-1990s. As indicated, the transposition of the CID model in Johannesburg is the result of an efficient lobbying by business and property owners of the inner city belonging to the CJP that started before the 1994 transition. These powerful economic elite took the lead in initiating voluntary CIDs, encouraging public authorities to engage in partnerships for regeneration and set up legislation for CID. The study tour conducted by the CJP in the UK and USA in 1996 with seniors officials of the city and of the provincial government, business and community representatives brought up international experience. The legislation on CID was drafted using CJP legal resources and went through a process of revision at the legal department of Provincial Government. It was approved by provincial legislature at the end of 1997 (City Improvement District Act n°12 of 1997) and became effective in November 1999.

CIDs have found a supportive political context driven by the major constraints facing the central state with regard to post-apartheid restructuring. The continuous fiscal crisis of the local government - which became acute in 1997 - and the need to reform the racially based administrative fragmentation inherited from the apartheid regime prompted the political reorientation of the ANC. The budgetary crisis was the inheritance of the long-term unpaid debts deriving from the rents and services boycotts during the apartheid struggle. It was also the result of rates boycotts in the former “white only” suburb of Sandton whose residents re-

sisted the decision made by the newly elected local councillors to standardise the rates across the metropolitan area during the 1995-2001 interim phase where the design of local government was being negotiated.¹⁹ The controversial “iGoli 2002”, a policy and planning process drawing on cost-recovery and business principles, was said to symbolise the rise of neo-liberal tendencies within the council.²⁰ It laid the foundation for the adoption of the single unitary metropolitan structure and the shift towards the privatisation and the outsourcing of public services.²¹ At the national scale, the crisis is also said to have been used as a pretext for a shift away from the ambitious state-centred and equity-driven Reconstruction and Development Programme (RDP) towards the Growth, Employment and Redistribution programme (GEAR), a more efficiency-driven process of development based on public private partnership, the role of the state being reduced to that of a facilitator.²² This shift was later reflected in the Joburg 2030 strategy initiated by the City of Johannesburg whose aim is to transform Johannesburg into a “world-class city” with a strongly outward-oriented economy, specialised in the service sector.²³

The alliances between business and property owners and the metropolitan council can be explained by a convergence of interests as far as the maintenance, improvement and control of urban space are concerned. CIDs contribute to enhancing the city’s economic value through the strengthening of the property market: the appreciation of property values and business activities in the nodes generates more tax revenues for the local government.²⁴ The regulation of informal street trade represents an additional area of agreement. The council, in cooperation with business, had the by-laws changed in 2001 in order to prevent unregulated street-vending or remove street vendors in circumscribed markets. This was also the case in CIDs in the CBD and Rosebank where an African craft

is spread on an equitable, pre-agreed basis among all property owners within the geographical area.

14
Kagiso Urban Management 2006: http://www.kum.co.za/managed_kum.php.

15
The CJP is a private, non-profit Section 21 company which manages the inner city CIDs.

16
CIDs in the suburbs are managed by the black-owned, equal opportunity Kagiso Group through Kagiso Urban Management (KUM). The CJP operates within the framework of KUM.

17
Jensen 1997.

18
Peyroux 2005.

19
At that time, the former boundaries dividing “black” and “white” local authorities were erased and the government of Johannesburg was divided between Greater Johannesburg Transitional Metropolitan council and four municipal sub-structures. The council and the sub-municipalities were merged into a single metropolitan area in 2000.

20
Beall et al. 2003: 87.

21
Mabin 2006.

22
Beall et al. 2002: 94.

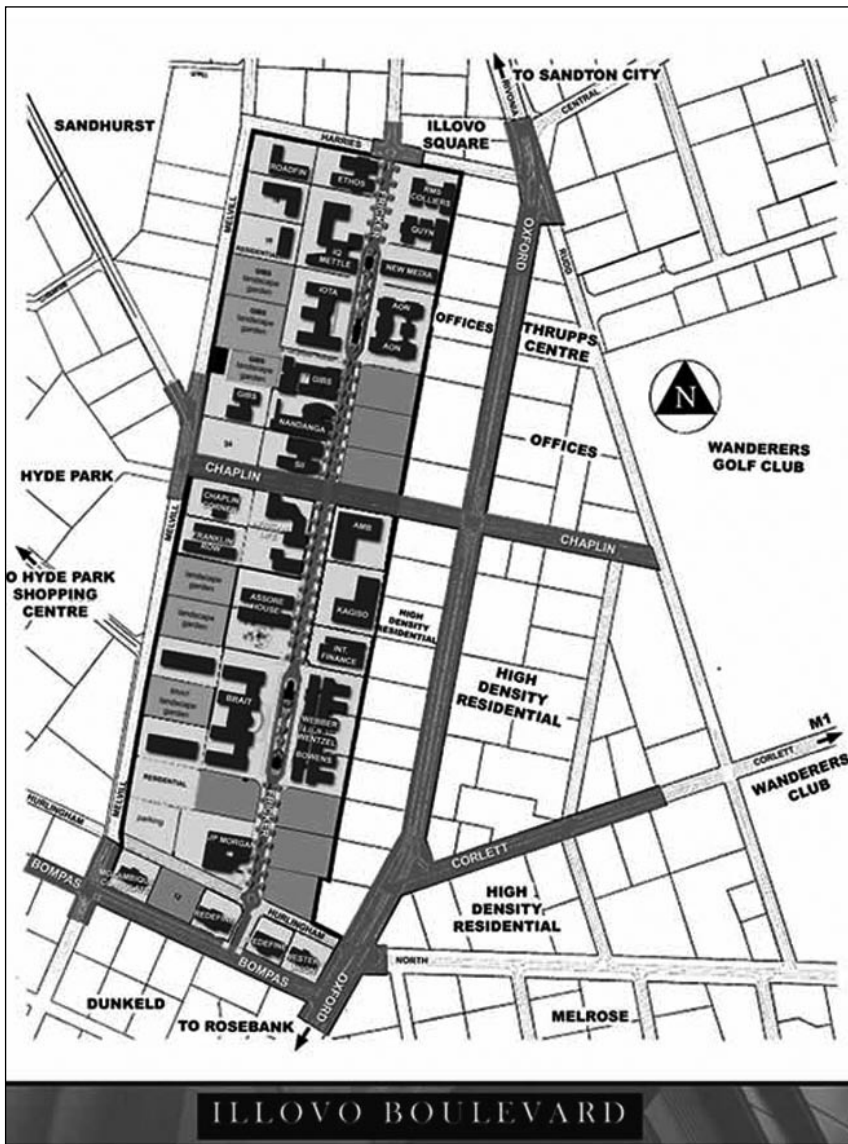
23
Rogerson 2005.

24
Spiropoulos and Fraser 2003: 9.



► Photo 3: Street life in Rosebank Management District, Johannesburg. Source: KUM, 2006.

► Photo 4: Rosebank Mall, Rosebank City Improvement District, Johannesburg. Source : KUM, 2006.



► Figure 2: Map of Illovo Boulevard Management District. Source: www.illovoboulevard.co.za.

25 Beall et al. 2002: 116.

26 Graham 2001.

27 Peyroux 2005.

28 Personal correspondence, July 2005.

29 Zukin 1995.

30 Dinges and Sack 2000, Eick 2006.

31 Gulik 1998, Eick 2006.

32 Shearing and Kempa 2001, Landman 2002.

33 Briffault 1999.

market has been financed by business as a way of controlling street trade and formalising the respective relationships. This illustrates the “porous boundaries” between the local authority and formal business while demonstrating the exclusionary tendencies of financial, retail and property interests who do not tolerate competition²⁵ or attempt to regulate it and the local state which agrees upon such measures. Surveillance and control of crime also involve the cooperation of the police and private security forces within CIDs with weekly meetings being organised between the South African Police Service (SAPS), the managing bodies of the CIDs and the security organisations operating in the district (Photo 4). The growing role of private actors in controlling and regulating public spaces raises a certain number of controversial issues that have a particular resonance in the context of South Africa.

Risks and implication of CIDs in the context of Johannesburg

The risks and implications of CIDs as pointed out in the northern cities in terms of “fiscal exclusivity” and “splintering” management and privatisation of streets²⁶ have a highly political signification in South Africa. By creating distinctive fiscal and service en-

claves, CIDs give birth to concerns about the risk of reinforcing spatial inequalities like those between the wealthy suburbs where businesses and property owners have the ability to pay for additional taxes and the low-income townships whose commercial and economic basis remains poor. The fact that a transposition of the CID concept in low-income areas is currently being explored by the City of Johannesburg shows that this potential shortcoming has already been taken into consideration.²⁷ On the other hand, proponents of CIDs see them as a way to provide opportunities for upgrading and enhancing public spaces without burdening the state. By doing so, they also see a benefit for the public authority. As stated by the former CJP director, in an urban context characterised by strong structural inequalities, “CID areas should maximise the income that a city council produces in that area in order to provide the excess to be spent in previously disadvantaged areas”.²⁸ Whether this form of cross-subsidising will become effective remains to be researched.

The risk of “protection for profit” and “sanitarisation” of public places²⁹ within CIDs – highlighted in the northern cities³⁰ – also raise concerns in South Africa. While the crime prevention component of CIDs might work towards a safer environment more conducive to social life, enforcing more control and surveillance of public space according to profit-driven strategies is seen as a potential source of discrimination and exclusion for certain segments of the population, in particular marginal social groups – street vendors, sex workers, the homeless – who rely on public space for their material maintenance.³¹ The issue of access to public space is highly sensitive in Johannesburg where social and racial mixing within public spaces is one of the main challenges. Scholars working on private policing and gated communities already pointed out the risk of a new urban apartheid based on socio-economic lines.³²

Finally, as CIDs are implemented to defend the interests of property owners and corporate businesses, the main question revolves around the way private and public interests are balanced in the issues raised and dealt with by these organisations.³³ As pointed out in the analysis of Urban Development Projects in Europe, one might question how and to what extent these new forms of private governance are characterised by “less democratic and more elite-driven priorities”.³⁴ This can be linked to the debate on the decline of the public sphere raised in the current American system which suggests that issues are invented and defined by organised interest groups and that the role of ordinary citizens is reduced.³⁵ In South Africa, CIDs foster new forms of local participation and community empowerment – two major issues in the political agenda associated with community development. But this form of “shareholders democracy”³⁶ might not be the best option to fulfil these political expectations. Scholars have suggested that CIDs might lead to a perversion of the concept of community development as interests of owners, tenants and users are not identical, and property owners and businessmen who detain vote powers might not be from the community themselves.³⁷

Conclusion

CIDs illustrate the increasing involvement of local business and property owners in the management of the city. By doing so, they redefine the boundaries between public and private interventions. These private organisations have been proven to gain leadership in shaping public policy and setting up standards for the rest of the city. Examples of BIDs in the USA show that some of them are now taking on challenges such as revising outdated regulations and costs in the field of housing, managing downtown development as an administrator for the city's tax increment financing programme while some mayors encourage outsourcing of services to BIDs.³⁸ Corporate BIDs may also directly shape commercial growth by directly investing in capital improvements.³⁹ The use of private police forces within the district, which refers to the growth of citizen-led policing, also questions to what extent the state monopoly of policing has been broken.⁴⁰ Analyses of policy issues raised by CIDs question the capacity of elected municipal officials to watch over them and the effectiveness with which cities monitor the CIDs within their jurisdiction.⁴¹ With the implemen-

tation of CIDs, the ability to define and control public places along with profit-oriented decision-making has become the critical process through which the balance of power between public and corporate interests is being played.

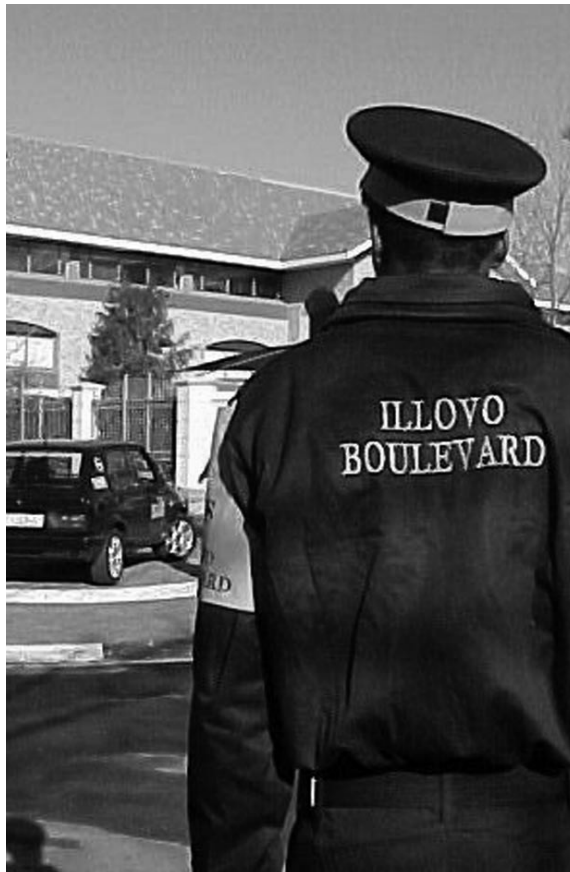
In Johannesburg, the North American CID model brought up by a powerful coalition of business interests has been well acknowledged and has become a widespread tool of urban regeneration in the declining inner city and in the high income decentralised nodes. In that regard, Johannesburg follows the trend towards neo-liberal forms of governance and the "entrepreneurial city" which has been widely analysed and debated in the context of Western neo-liberal urbanisation. However, with regard to the political support enjoyed by CIDs, it appears that little attention has been paid to their potential negative outcomes in terms of growing spatial inequalities and the risk of political and fiscal fragmentation which have a particular resonance in a post-apartheid context. But one of the key neglected issues revolves around how and to what extent the question of the possibility of a public interest is being challenged by these new organisa-

- 34 Swyngedouw et al. 2002: 542.
- 35 Light and Smith 1998.
- 36 Glazse 2003.
- 37 Gross 2005.
- 38 Levy 2001.
- 39 Gross 2005.
- 40 Newburn 2001.
- 41 Briffault 1999.



► Photo 5: Overview of the Illovo Boulevard Management District. Source: www.illovoboulevard.co.za

► Photo 6: Street life in Rosebank Management District, Johannesburg. Source: KUM, 2006.



► Photo 7: A private security guard employed by the Illovo Boulevard Management District. Source: www.illovoboulevard.co.za.

tions,⁴² in particular through promoting corporate interests to the detriment of addressing social issues. The form of local democracy that is fostered by BIDs is also put into question,⁴³ in particular the trends towards an elite-driven urban redevelopment.

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