| MEETING INFORMATION | |
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| **SUBJECT/TITLE:** | Urban Management Workshop |

| **DATE/TIME:** | August 19th 2016 | **Location:** | Growthpoint Training Centre, Sandton |
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| **Apologies:** | Representatives from Nelson Mandela Bay, City of Cape Town | | |

## Opening and Objectives/Expectations

James Aling: (representing SAPOA):
- This workshop was set to work toward finding opportunities for the public sector and private sector to relate to one another better, with the common goal of managing urban spaces together.

David van Niekerk:
- The main outcomes for today are (a) agreement "what we mean by urban management" and "what the outcomes are"(b)  what are the principles and processes on an agreed way forward.

- (c) Getting a better understanding of what conditions and settings are best for what configurations of public/private relationships in partnerships (who best to lead in what circumstances?).

Malijeng Ngqaleni:
- Urban Management is an important tool for the objective of driving spatial transformation.

## Feedback after introduction to the Framework for Urban Management in South Africa

Tables were asked what they would like to see addressed during the course of the day. They responded with the following:

1. Cities are supposed to be the drivers of economic growth, we must consider how Urban Management helps objectives of inclusivity.

2. This discussion must help practitioners of CIDs by providing a clear, streamlined framework for urban management structures and provide legislative certainty to underpin that framework.

3. There is a need to unpack the gaps in current legislation and discuss the options that would be required to fill the gaps.

4. Help establish a contextualized framework for urban management broadly beyond just precinct management; we also need a very clear way forward for encouraging partnerships between private and public sector.

5. A clear road map for process that is transparent and leads to enabling partnerships.

## Feedback from the Observations and Recommendations Activity

The facilitator requested that each table reflect on the current regulatory and legislative framework and generate one key observation and one key recommendation.

| Table 1 | |
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| Observation | Urban management from the city perspective is that they cannot do it alone- need better enablement of the CID structures. |
| Recommendation | Need uniform legislation that will specifically address the issues - the provisions within the MPRA are too wide and the municipality does not want to collect levies and the legislation does not allow us to outsource. |

| Table 2 | |
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| Observation | How information and communication is shared between stakeholders and also issues with institutional communications should be foremost in the framework. |
| Recommendation | That we need to look at a national act - that is broader than crime and grime- but one that makes for a uniform enabling framework for all areas in South Africa and there needs to be a multi-level approach. |
| Table 3 | |
| Observation | That we must not put the brakes on areas where the MPRA is currently working and serving urban management needs. |
| Recommendation | We believe that the MPRA with bylaw and policy is sufficient for interventions in stabilised property market driven urban nodes- but there are a basket of issues (ranging from VAT collection, issue of tax exemption, etc.) yet to be addressed:  begs question, what's best dealt with nationally vs locally? – Still, aside from working property markets, there are two big problems, how do you deal with areas that are either degraded or marginalized and how do you enable seed funding and flows of funds into nascent entities? |
| Table 4 | |
| Observation | The basic levels of services that should be expected from municipalities are largely undefined and there is no requirement of definition. |
| Recommendation | Yes, there should be a piece of national legislation that requires SLAs between partners and forums should these be established, CIDs and property owners should be brought more deeply into BEPPS. |
| Table 5 | |
| Observation | The overall discussion on urban management hasn't highlighted the concerns around bulk infrastructure delivery. |
| Recommendation | Smaller and secondary cities face great challenges with basic service delivery and other fundamental issues; they need a framework that addresses these issues. |

## Critical Concerns from Stakeholders Regarding the Current Legislative Context

Many stakeholders assert that currently the most successful and legally defensible model for formalised CIDs is to utilise a unique combination of bylaw, policy, and the SRA component of the MPRA.  Stakeholders felt it critical to note that this approach was proving successful and administratively possible for areas that have active property rate owners.

Yet, it is noted that this approach has particular considerations and limitations:

- Regulatory framework for municipality support (subsidisation) of emergent and declining areas. Stakeholders discussed that there is a need to provide structures for areas beyond traditional functioning property markets.  That something beyond the SRA must be in place to enable urban management structures to be deployed in these areas. – this needs to include two components:

  o Declining nodes which require support (subsidisation) on a reducing formula to cover the affordability / service gap for a defined timeframe to allow for strengthening of property values to fill the affordability / service gap.

  o Emergent areas where there is insufficient property value or no property value of consequence to support the establishment of a SRA.

- Stakeholders indicated that if we are going to have successful community involvement we need community driven initiatives that are supported by the state and that a better enabling framework needs to be put in place to allow for such initiatives.

- Stakeholders voiced concern that an overall framework should be put in place that more pro-actively encourages and inspires private sector involvement and gives greater space for incentive structures and ease of engagement.

Also, even within the utilisation of the SRA route there are issues to be addressed:

- The implementation of SRAs (of the MPRA) is hampered by the definition of "rateable property", especially as it relates to government-owned buildings and sectional title ownership.

- That there is work to be done regarding payment of levies by government, especially local government. One quote from a participant," If municipalities are not able to pay levies to themselves, they should contribute an equal value in services or infrastructure."

- That greater clarity is needed for SRA NPCs to Municipality with regard to VAT on SRA levies.

- Necessity for a specified mechanism for Municipal payment of SRA levies to the SRA NPC to be legally compliant.

- It would be useful to investigate how to make it possible for the ring-fencing of levies paid per SRA.

- A quote from a participant, "One thing that hasn't been addressed within the MPRA is the incentives of activities...what must we do to jumpstart the private sector?"

- Payment to SRAs should not be contingent on the Municipal rates collection and reconciliation process, specifically when properties are transacted.

- That there is scope for expansion of rationale for SRA establishment to more comprehensively include economic development needs.

- There needs to be support to SRA management organisations for how they are classified with SARS TEU.

- Need to provide procedure for disposal of assets (and liabilities) on the liquidation of an NPC running a SRA.

## Building Towards a Common Agenda

The wrapping of the session focused on the summation of issues and considerations for going forward:

- Need a framework that works in all nodes for different stages of development and types of urban areas -"where you haven't created the market there needs to be structures in place."

- That any future framework should be two tier and based on the following principal... "nationally enabling, locally flexible-and that linking to the BEPP could come hand in hand with the two-tiered system.

- The work going forward should examine some critical questions with the SRA:
  - What is the SRA currently good at or not? What tweaks could be critical?
  - Will those tweaks be sufficient for full enablement of Urban Management in South Africa?

- That the way forward is to broaden the framework - how do we work around the longer term framework?

- That a future framework should work to get internal government departments to work toward a cohesive approach to engaging with Urban Management entities and that it doesn't sit with just one line department.

- That there should be a working group to focus on models that are not just about monetary support but could be oriented toward in-kind contribution.

- There should be further thinking on sustainability from the private sector side (what rebate or accountability measures should be in place)?

- Looking at next steps:
  - That the urban management steering committee could be the source of main work streams.
  - That it might be useful to champion a national forum on precinct/urban management - as a steering committee workstream- looking at possibly expanding the JHB CID forum - keep the steering committee separate.
  - That there should be a defined convener for going forward.
  - That the process going forward needs to get the municipalities more involved, who should lead whether
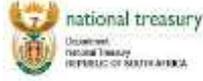
(national treasury, COGTA, etc)?

  o  That a business case for Urban Management could help galvanize support.

| **Facilitator Key Notes** |
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Key comments and reflections from the facilitator:

- Need for an enabling environment and national policy framework for urban management, including, but not limited to legislative and regulatory framework.

- Need for better communication and improving sharing of information (vertically and horizontally) on urban management practices.

- Successful urban management needs a deliberate partnering approach - no one institution can do it alone.

- While further work on a legislative framework is being done, we shouldn't 'stop the bus' on using the MPRA.

- Within the MPRA itself, certain refinements could be made.