

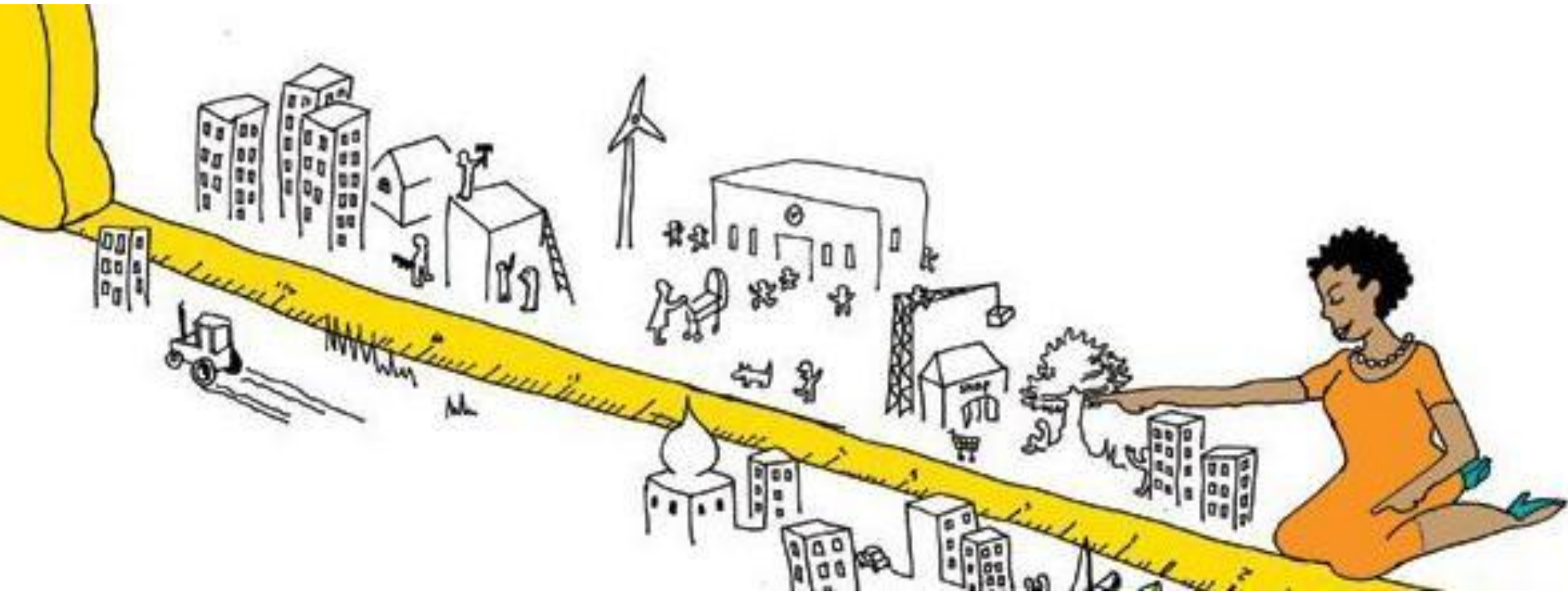
# URBAN INVESTMENT PARTNERSHIP CONFERENCE

27 & 28 AUGUST 2015 • JOHANNESBURG



# An Introduction to Cities' Urban Investment Strategies

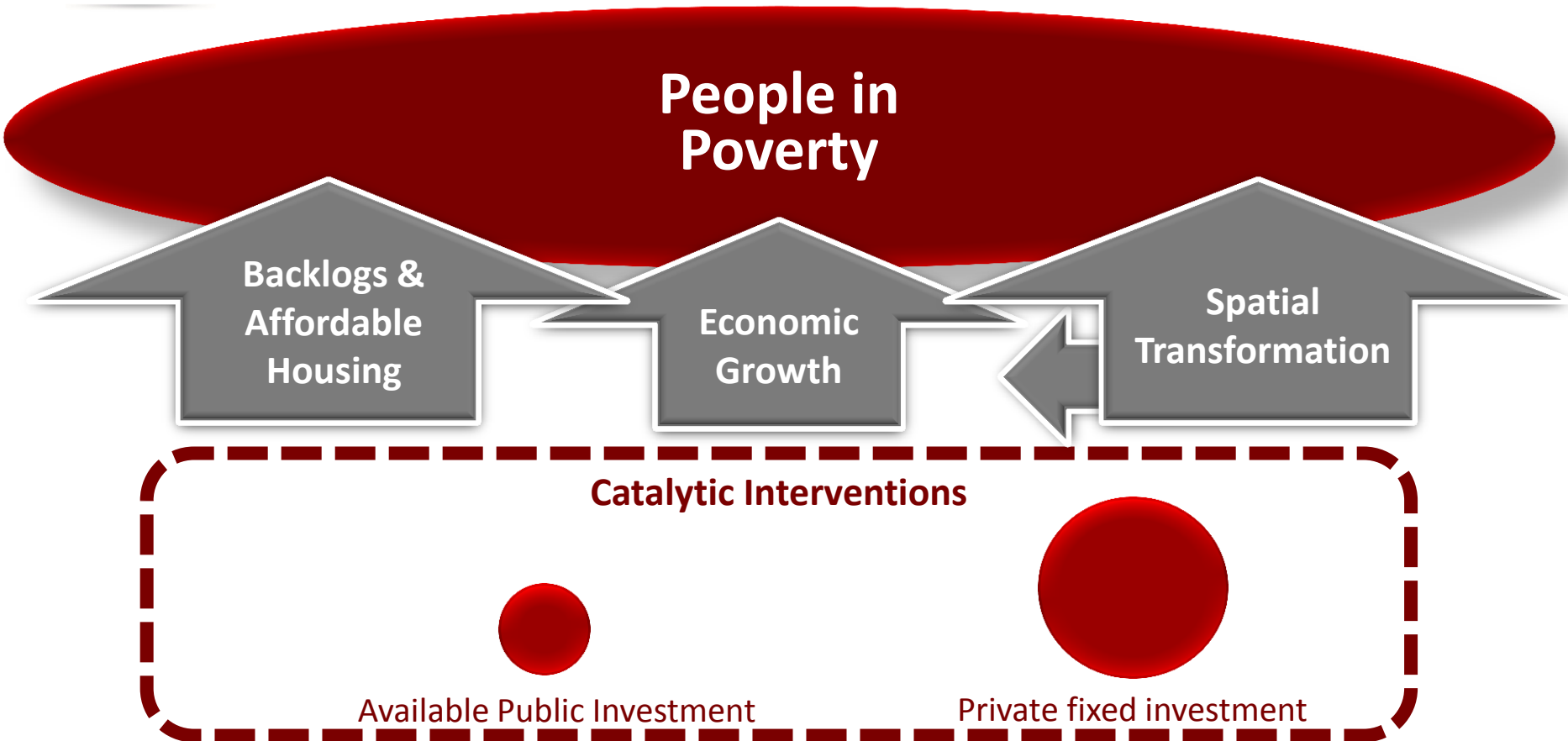
# Why is Built Environment ROI low?



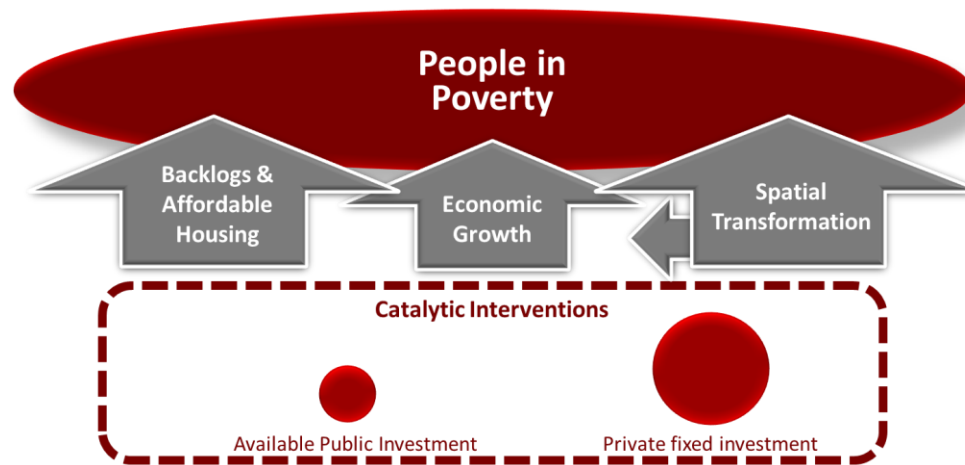
# Why is Built Environment ROI low?



# A Strategic Urban Investment Approach is emerging in SA's 8 Metro's



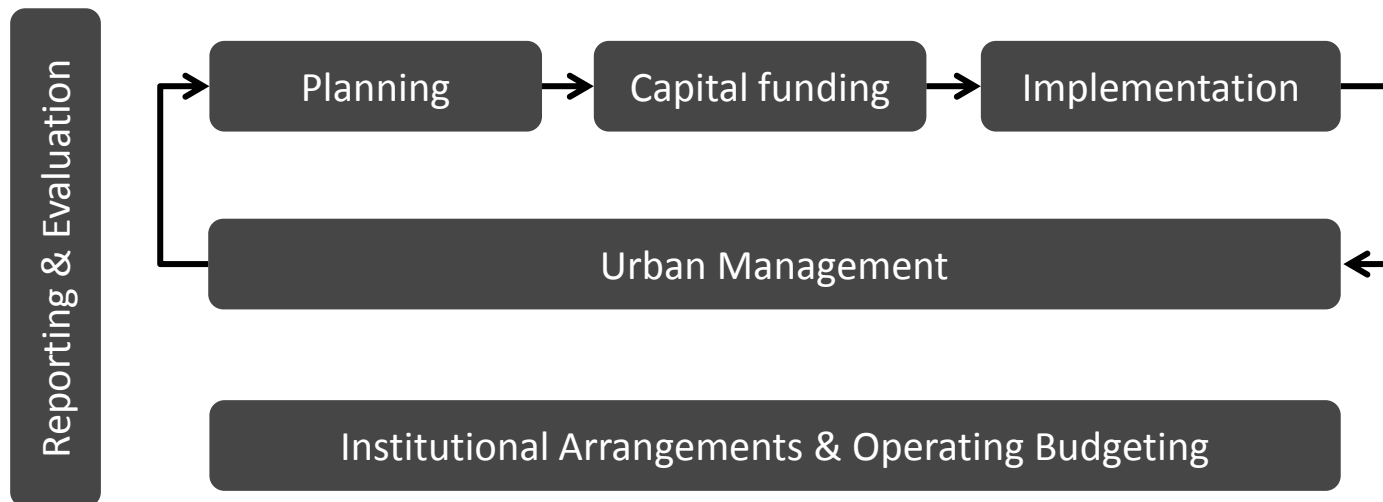
# The strategic approach is based on the NDP and the IUDF



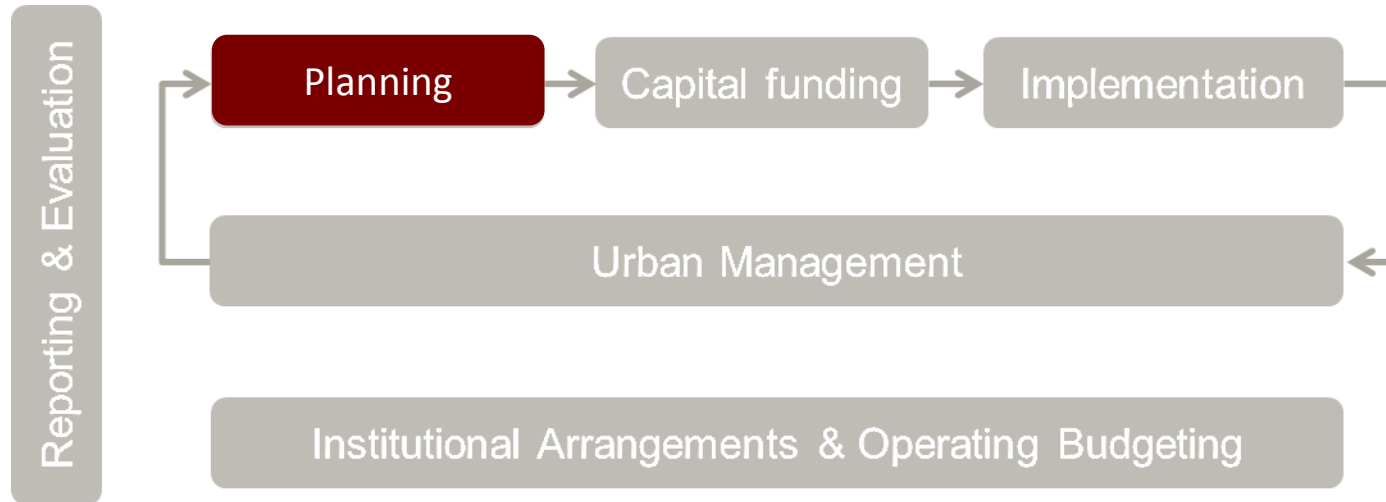
- The NDP urges coordinated planning, regulatory and investment approaches within a spatial targeting framework
- Closely aligned with the principles that underpin the Draft Integrated Urban Development Framework (COGTA)

# The strategic approach is taking shape via Built Environment Performance Plans (BEPP's)

- BEPP's are submitted annually by metropolitan municipalities in accordance with the Division of Revenue Act
- Optimising the Built Environment Value Chain forms the basis of BEPPs:



# Spatial Targeting via the Urban Networks Strategy (UNS)



# UNS: Targeting public and private investment towards a more inclusive urban form

**CBD**

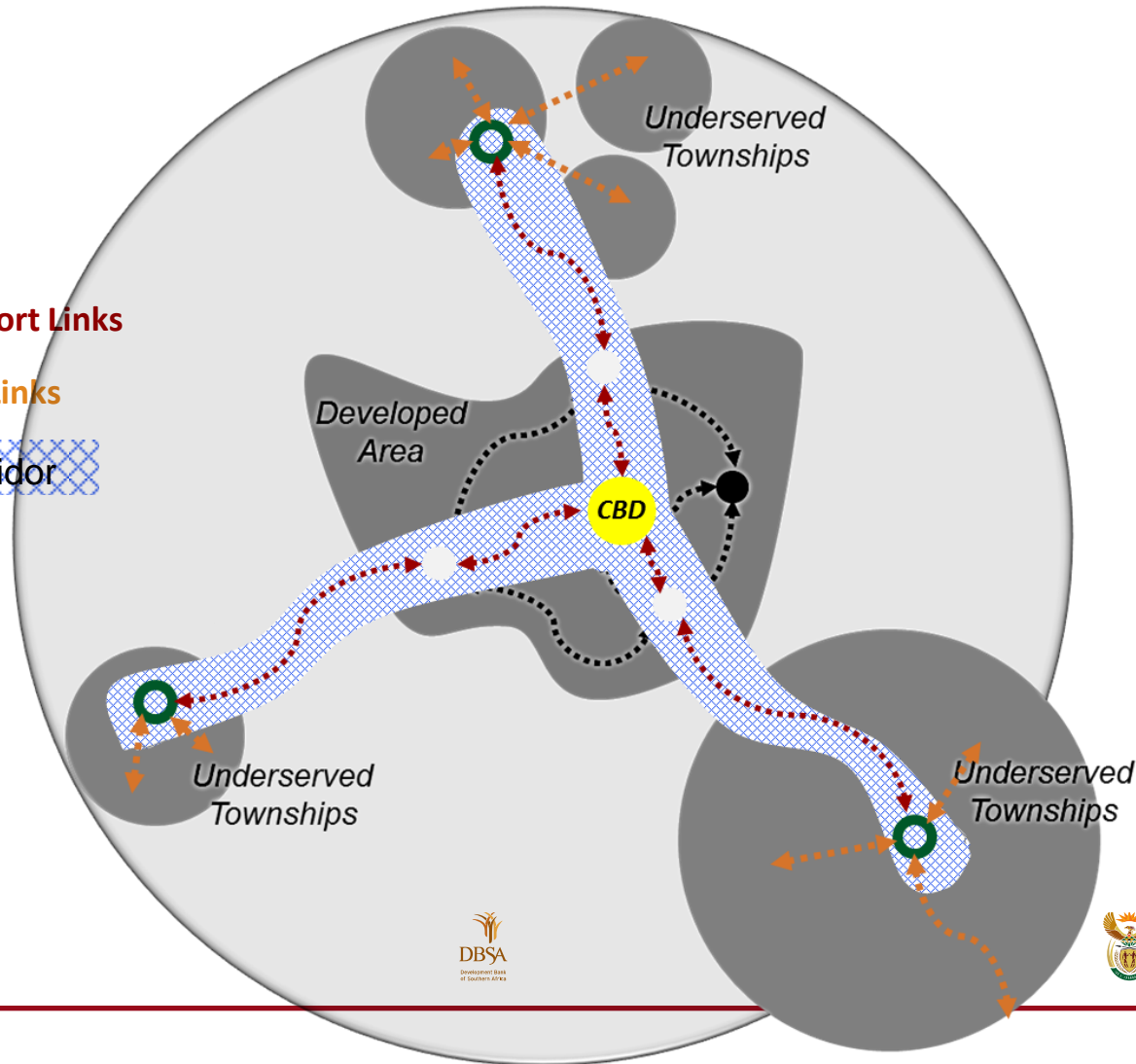
**Urban Hubs**

**Primary Public Transport Links**

**Secondary Transport Links**

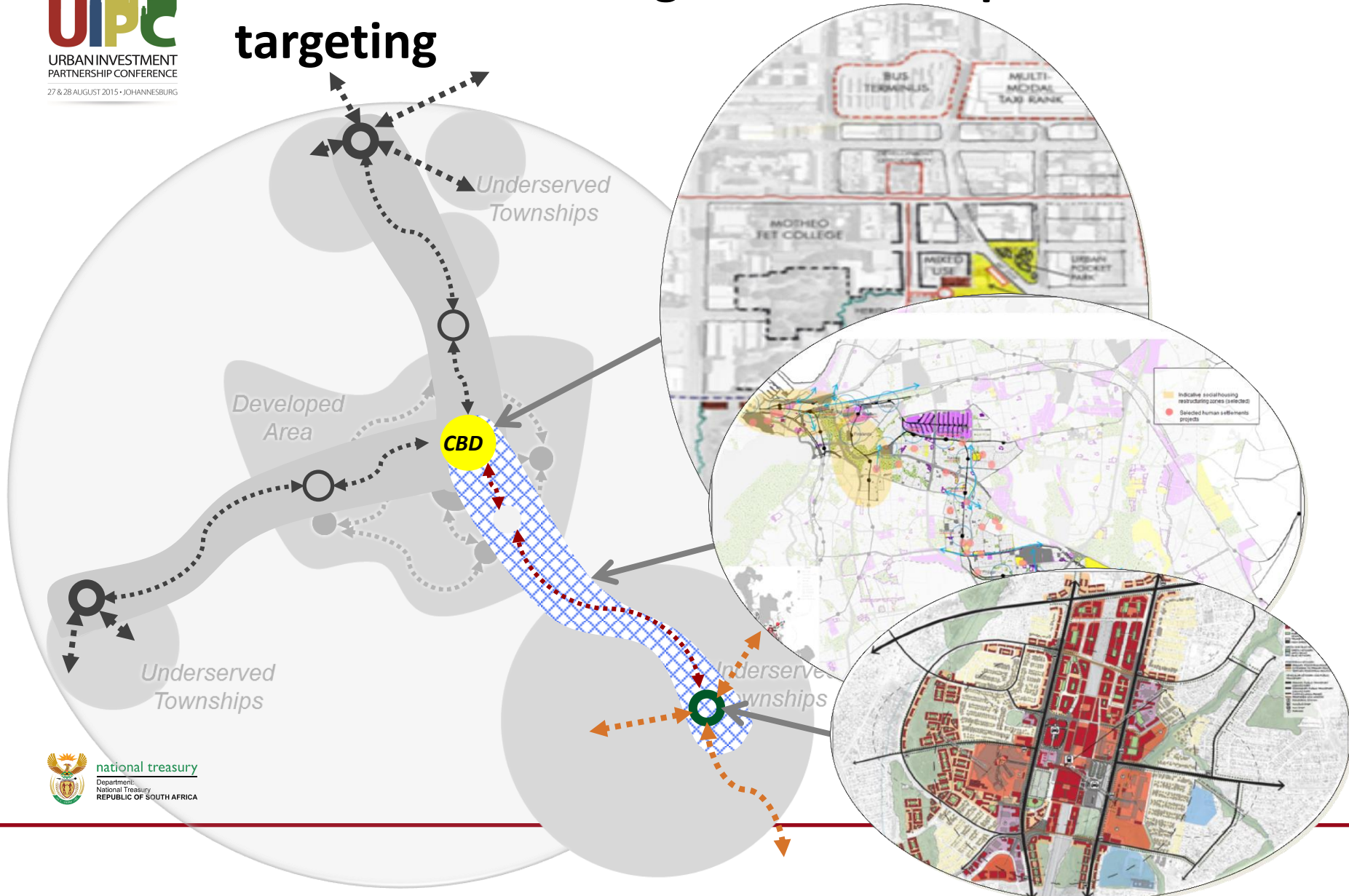
**Primary Activity Corridor**

**Integration Zones**



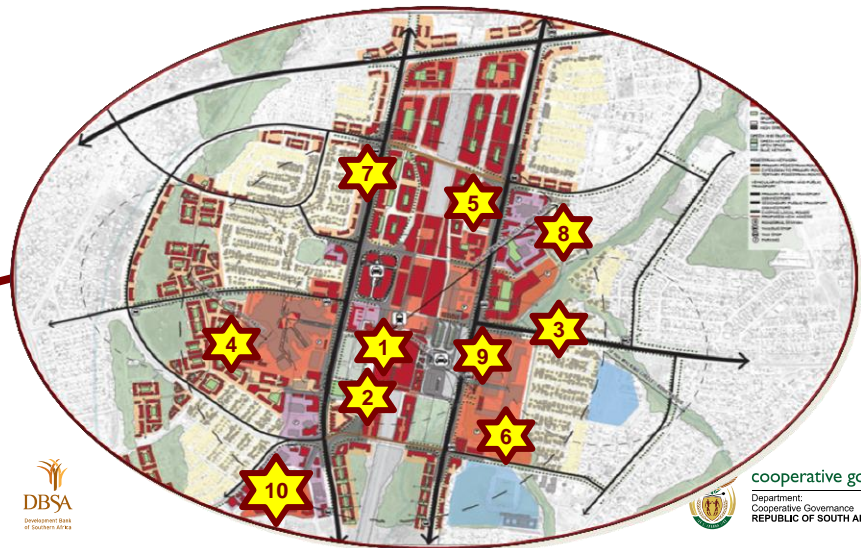
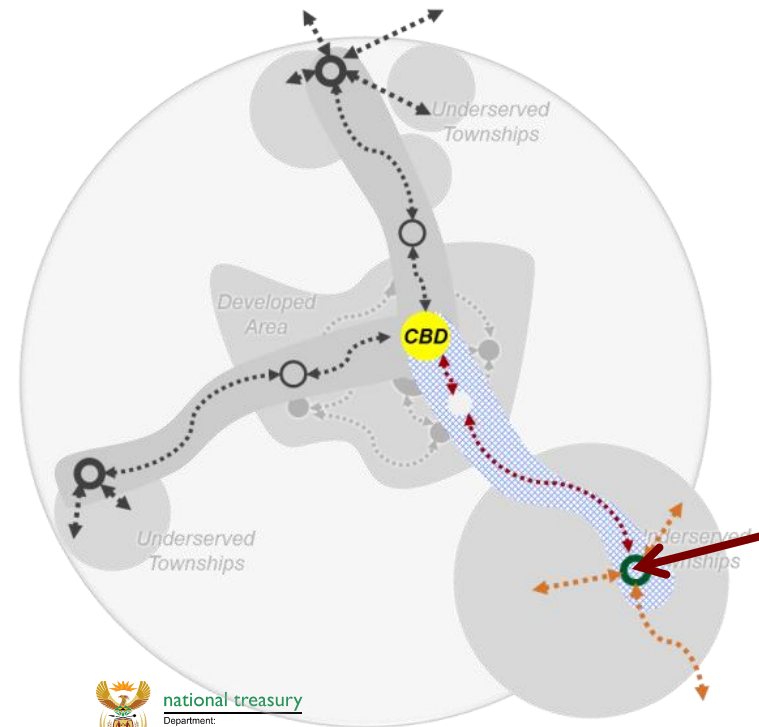
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# Precinct Level Design – detailed spatial targeting



# The main purpose of spatial targeting - to generate a pipeline of prioritised catalytic projects

Priority	Project Description	Municipal	Provincial	National	PRASA	Eskom
1	Station Upgrade				X	
2	BRT	X				
3	Bulk water works	X				
4	Hospital redevelopment		X			
5	Substation upgrade					X
6	Social Housing		X			
7	Police Station			X		
8	Rail Extension				X	
9	School		X			
10	Land Development	X				

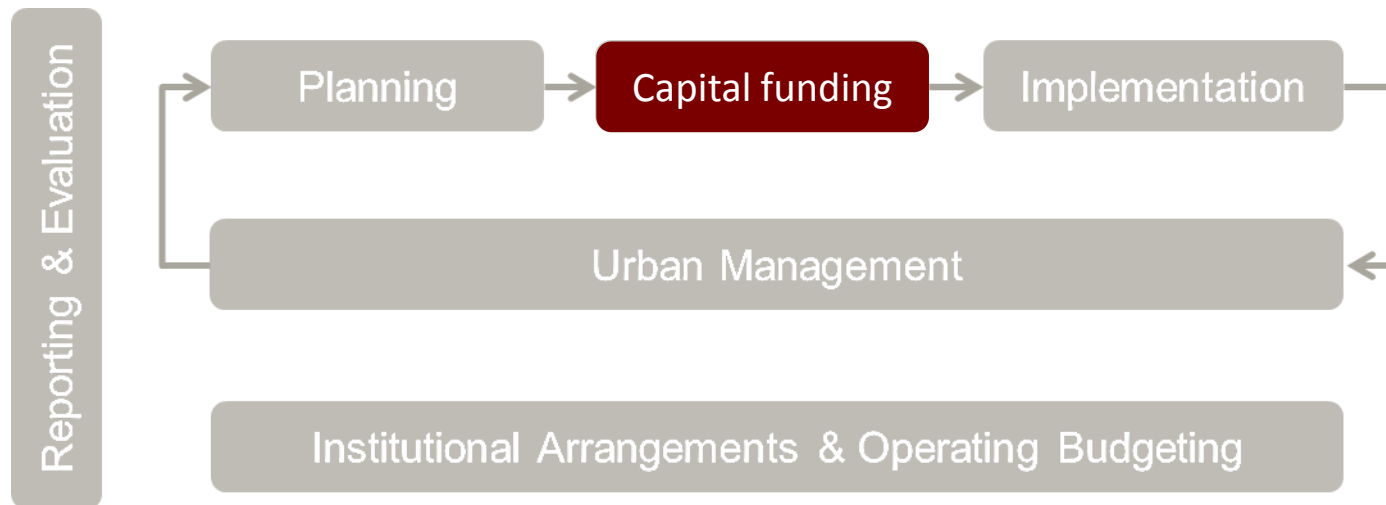


# Technical Assistance & Funding to municipalities

- BEPP, Spatial Targeting, Precinct Design via the National Treasury
- Project preparation for accelerated, bankable projects via the DBSA
  - Cities PPF
  - IIPSA



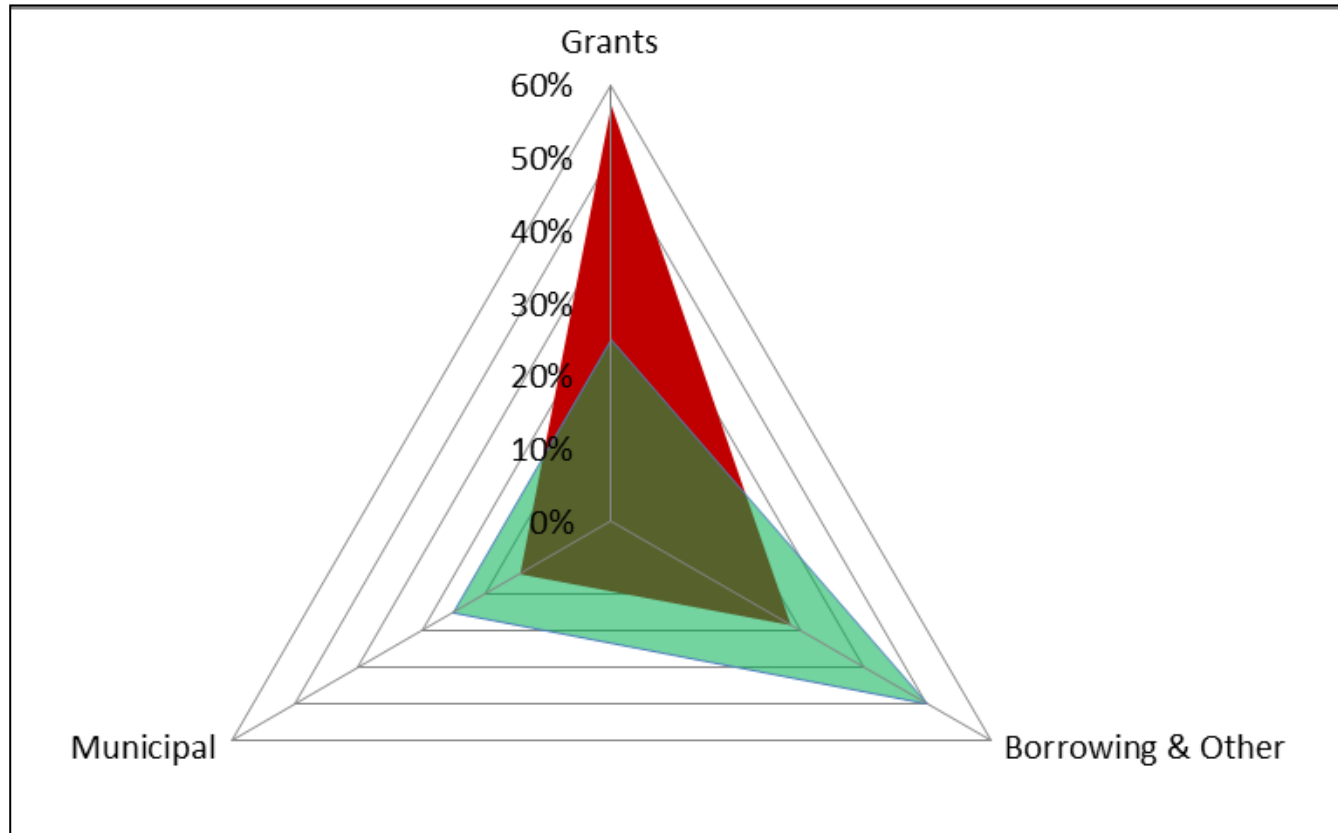
# Increasing prioritisation of Metro budgets towards projects within targeted spaces . . .



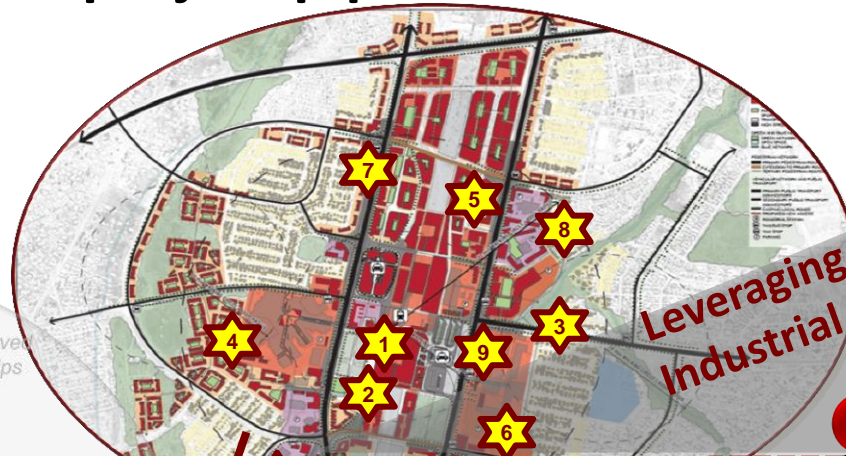
... although Metro's need to become less dependent on grants ...

■ 2014/15

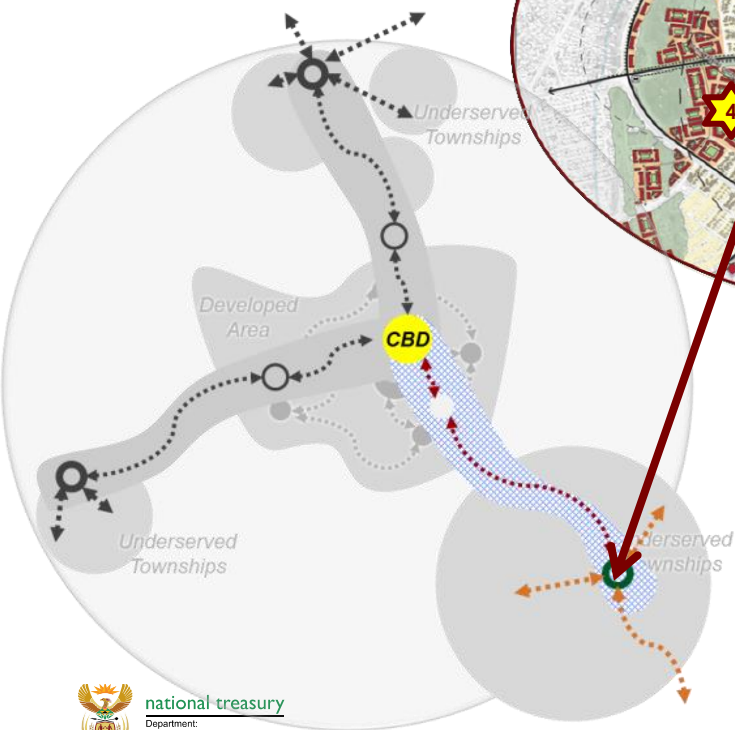
■ Future



... this requires a portfolio approach to achieve the optimal funding mix and sequencing of the public catalytic project pipeline



**Leveraging Commercial, Residential & Industrial Private Sector Investment**

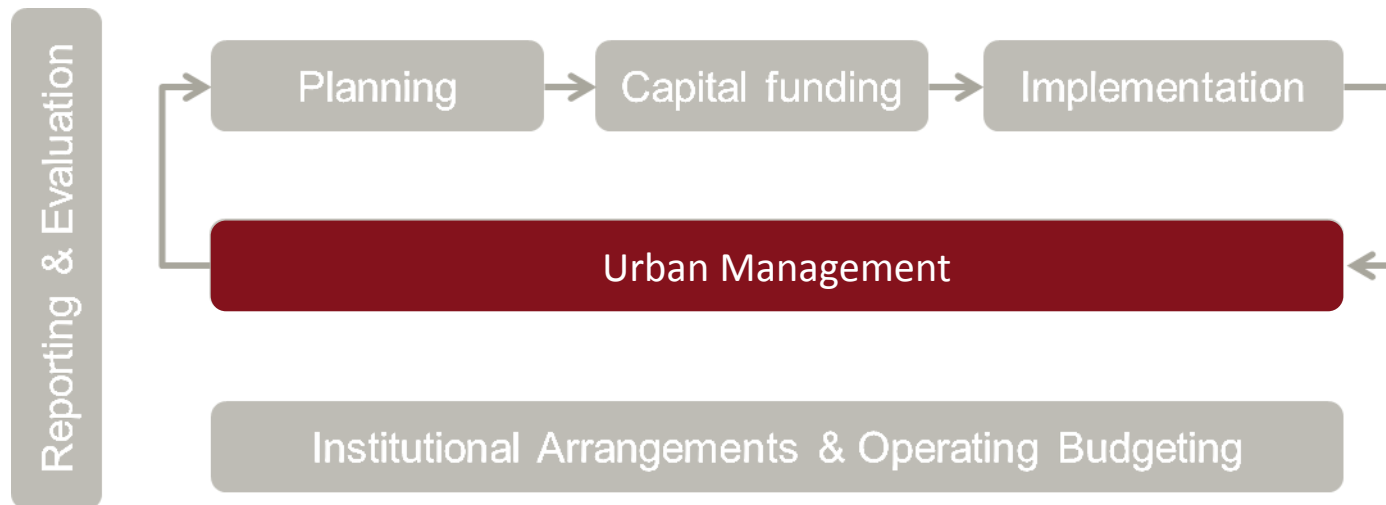


Priority	Project Description	Municipal	Provincial	National	PRASA	Eskom
1	Station Upgrade				10	
2	BRT	45				
3	Bulk water works	35				
4	Hospital Redevelopment		13			
5	Substation upgrade					23
6	Social Housing		4			
7	Police Station			12		
8	Rail Extension				24	
9	School		25			
10	Land Development	31				
TOTAL PRECINCT REQUIREMENT		111	42	12	34	23

## National Treasury is working towards a progressive fiscal package to improve & accelerate outcomes

- Improved utilisation of the debt market
- Value capture mechanisms, e.g. Development Charges
- Grant pledging
- Infrastructure grant review
- Incentivising metro's to prioritise capital funding towards targeted spaces
- Incorporating spatial targeting into the budget process

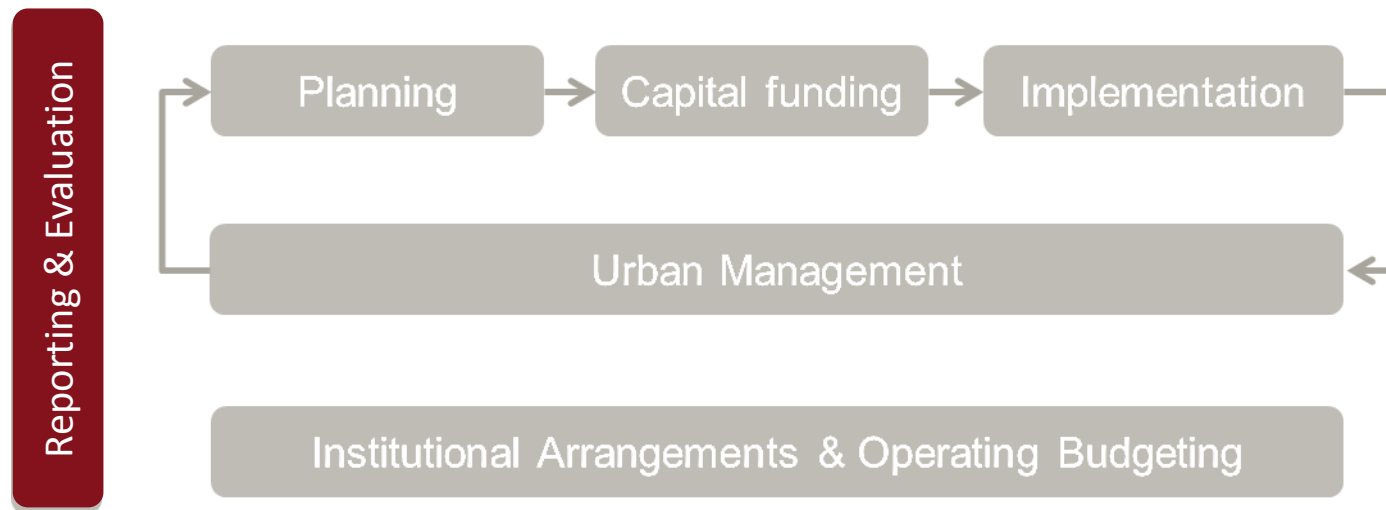
# Management of targeted precincts requires dedicated capacity to ensure full value chain optimisation



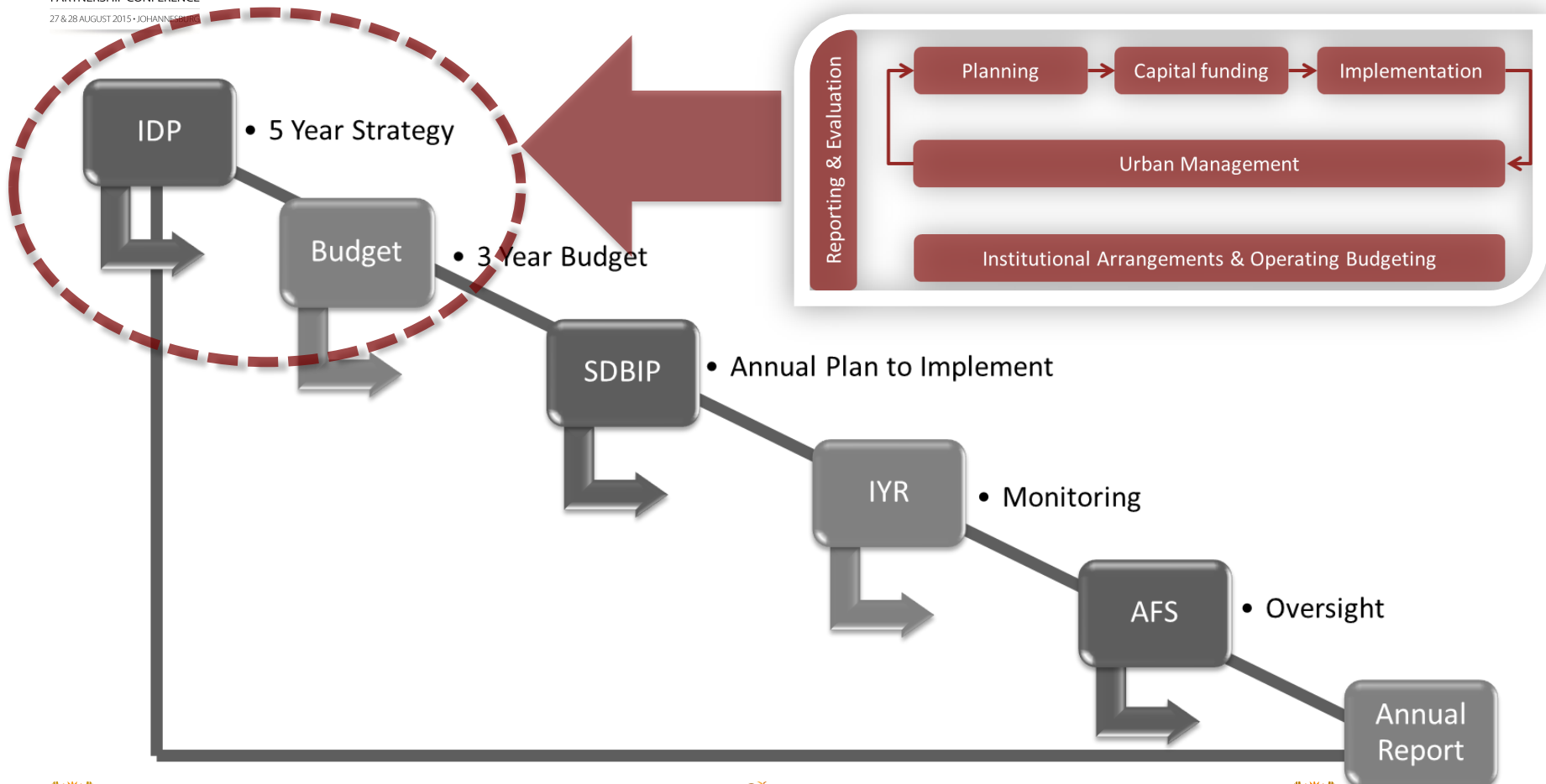
# Packaging a spatially differentiated set of economic incentives & regulatory mechanisms

- Alignment & restructuring of economic development incentives
  - UDZ
  - DTI incentives
  - Tourism incentives
  - Jobs Fund Windows
- Removal of regulatory constraints to development will reduce time and financial risks, release land onto the market and boost investment

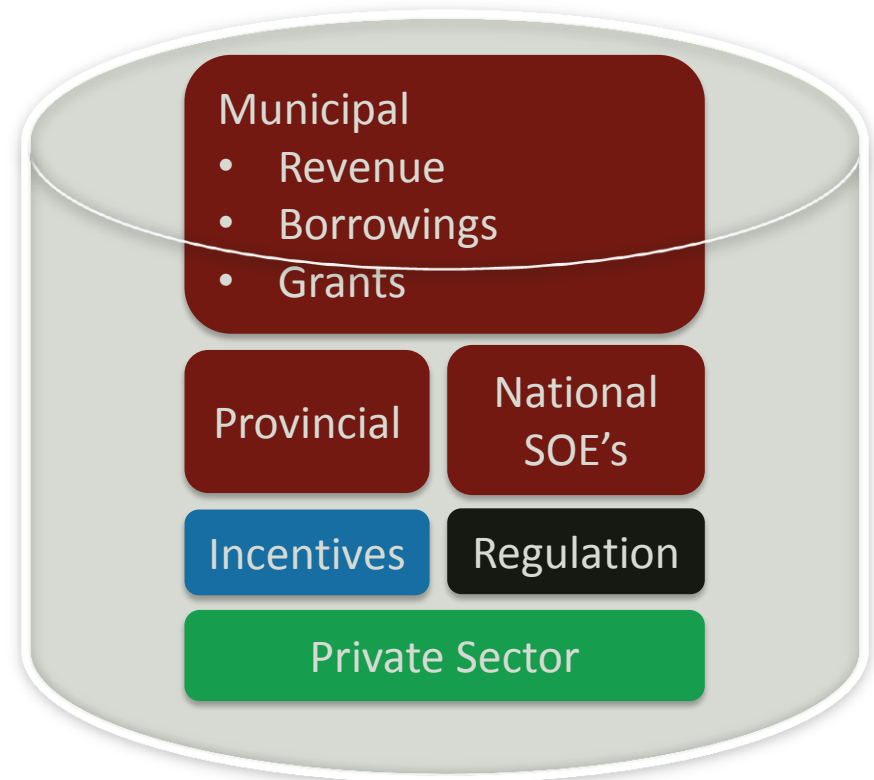
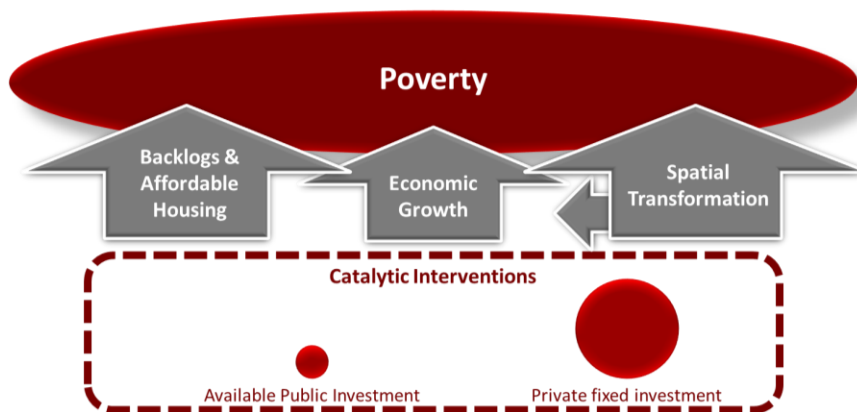
# Municipal Reporting Reforms



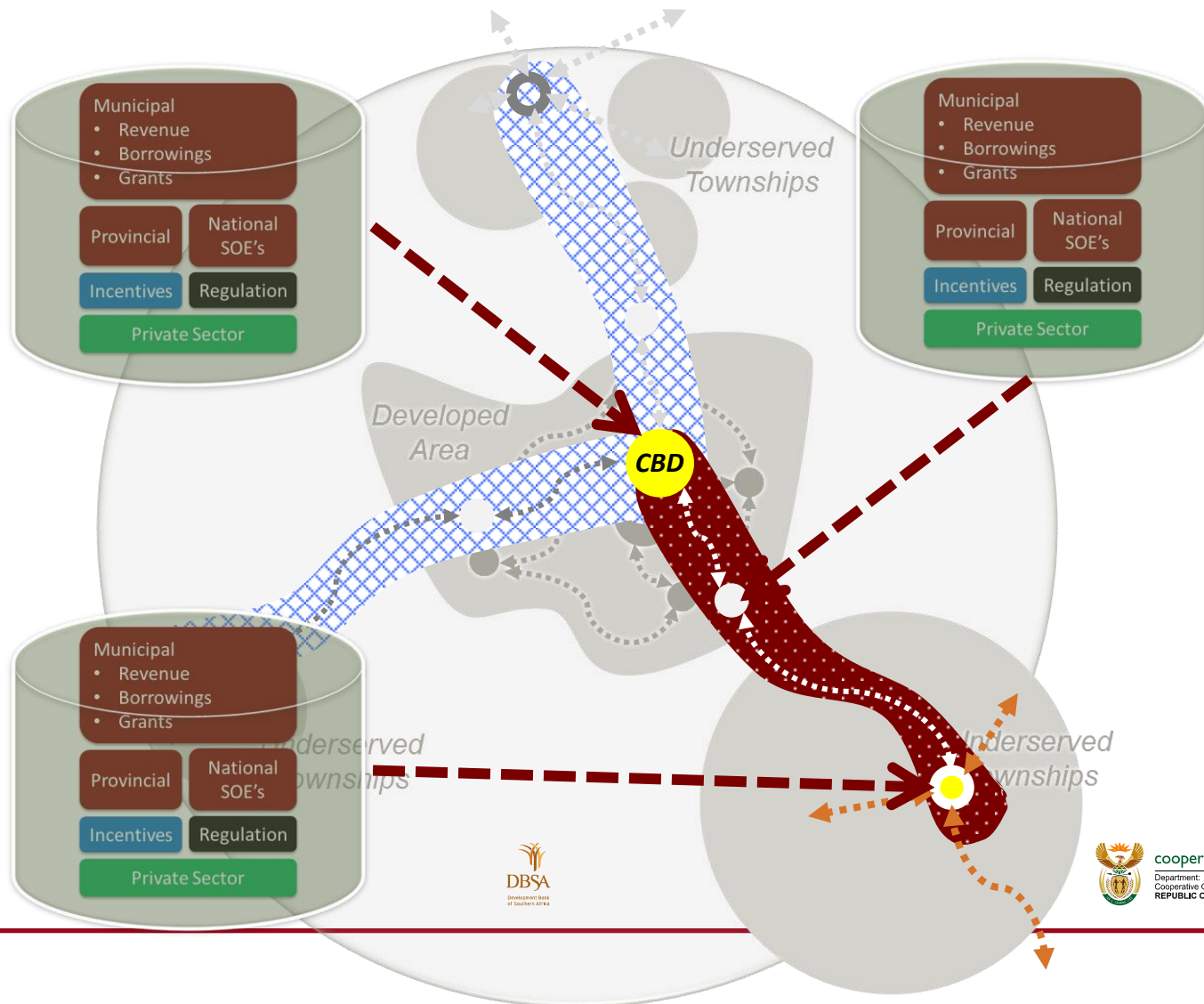
# Implementation of NT reporting reforms is improving municipal governance & impact

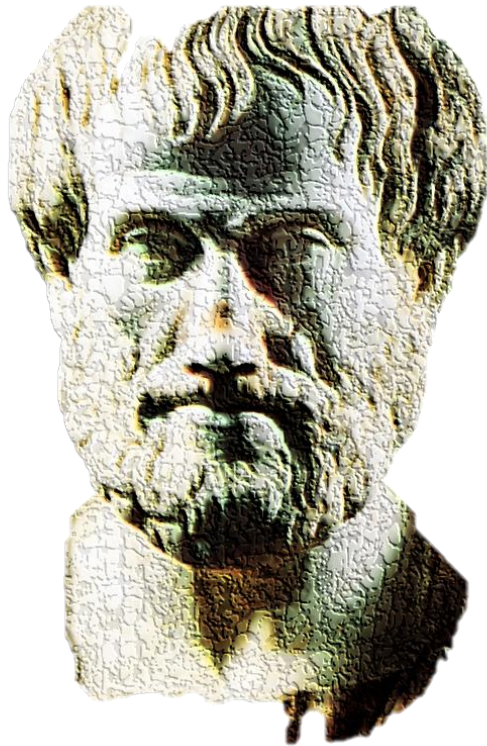


# A partnership of prioritised, coordinated public and private catalytic interventions in space is emerging



# A partnership of prioritised, coordinated public and private catalytic interventions in space is emerging





*The whole is greater than  
the sum of its parts*

*Aristotle (384-322BC)*