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?

I’m glad the hole isn’t at our end . . .
A Strategic Urban Investment Approach is emerging in SA’s 8 Metro’s

- **People in Poverty**
  - Backlogs & Affordable Housing
  - Economic Growth
  - Spatial Transformation

**Catalytic Interventions**

- Available Public Investment
- Private fixed investment
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:

```
Planning → Capital funding → Implementation

Urban Management

Institutional Arrangements & Operating Budgeting
```

Reporting & Evaluation
Spatial Targeting via the Urban Networks Strategy (UNS)
UNS: Targeting public and private investment towards a more inclusive urban form
Metro’s have all made progress with city-level spatial targeting

Joburg  
Tshwane  
Ekurhuleni  
Mangaung  
Cape Town  
eThekwini  
NMB  
BCM
Precinct Level Design – detailed spatial targeting
The main purpose of spatial targeting - to generate a pipeline of prioritised catalytic projects

<table>
<thead>
<tr>
<th>Priority</th>
<th>Project Description</th>
<th>Municipal</th>
<th>Provincial</th>
<th>National</th>
<th>PRASA</th>
<th>Eskom</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Station Upgrade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2</td>
<td>BRT</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Bulk water works</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Hospital redevelopment</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Substation upgrade</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Social Housing</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Police Station</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Rail Extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>9</td>
<td>School</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>10</td>
<td>Land Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
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 . . .
... this requires a portfolio approach to achieve the optimal funding mix and sequencing of the public catalytic project pipeline.
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
Implementation of NT reporting reforms is improving municipal governance & impact

- IDP • 5 Year Strategy
- Budget • 3 Year Budget
- SDBIP • Annual Plan to Implement
- IYR • Monitoring
- AFS • Oversight
- Annual Report

Reporting & Evaluation
- Planning → Capital funding → Implementation
- Urban Management
- Institutional Arrangements & Operating Budgeting

Standard Chart of Accounts/MFMA/Constitution
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)