

City growth is squeezing out the poor

PROPERTY PRICES SPIRAL

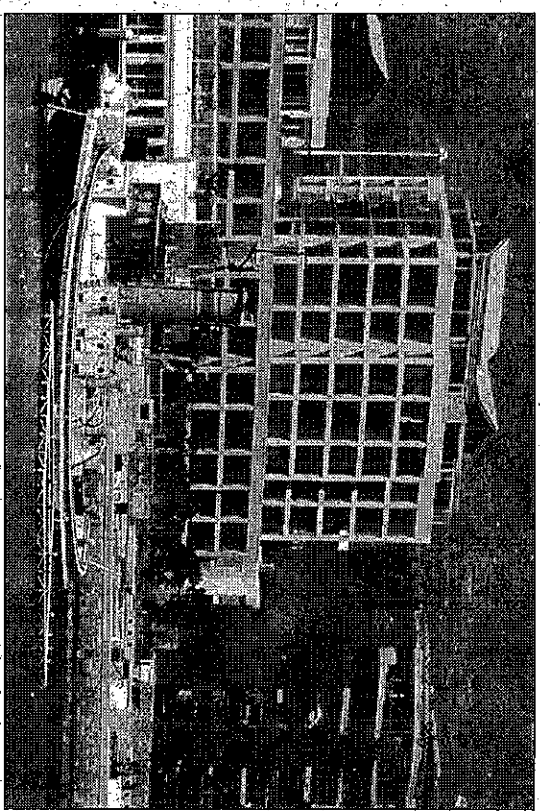
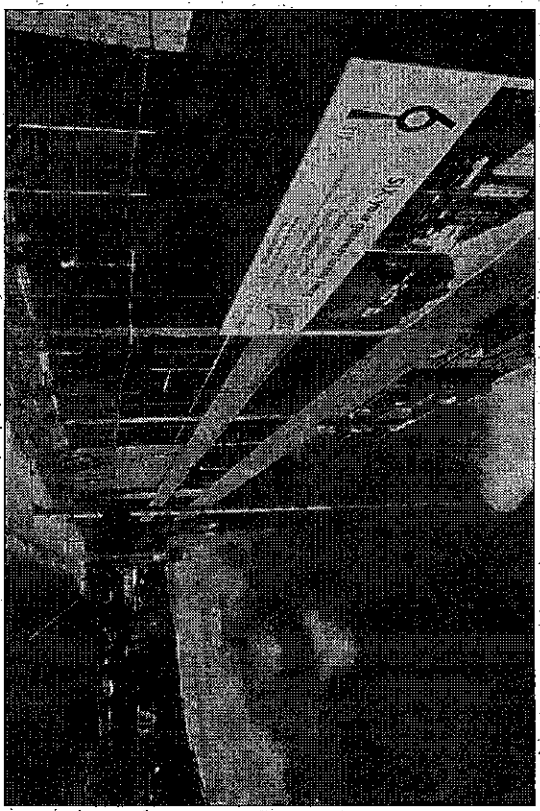
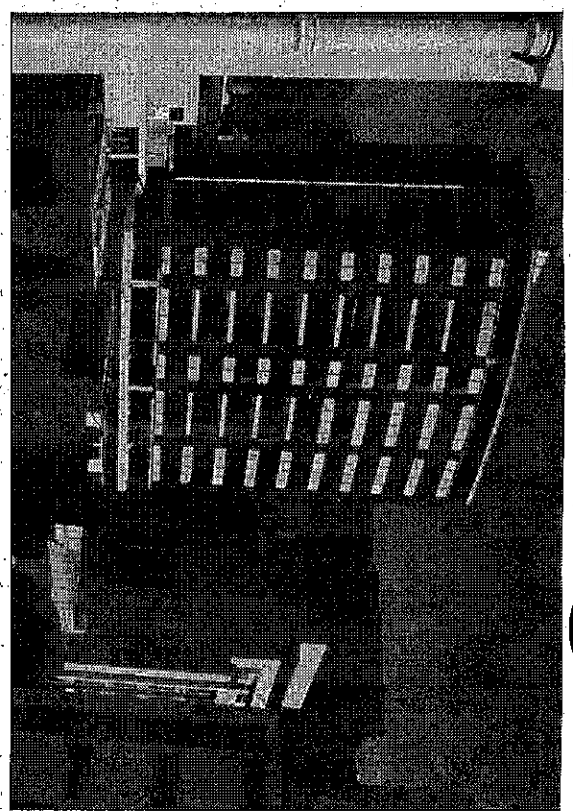
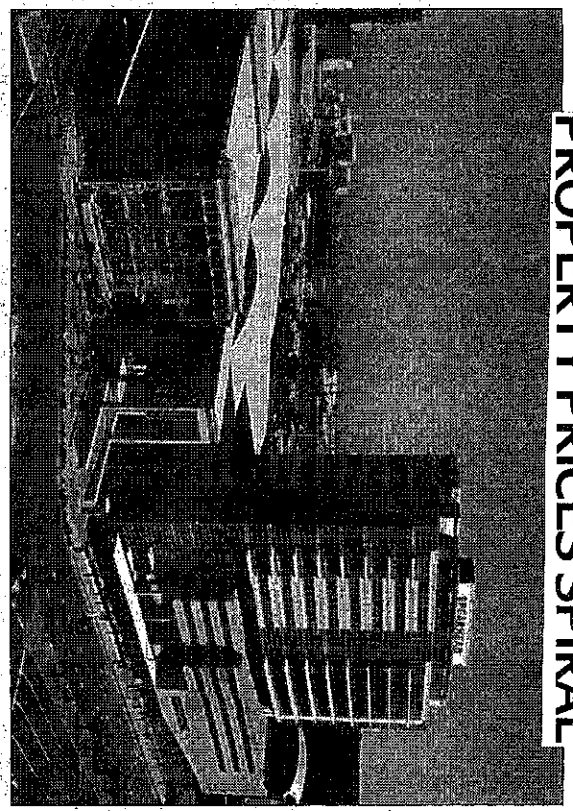
**Helen Macgregor,
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and Aaron Hobongwana**

THE last decade saw Cape Town's inner-city undergo a radical, yet increasingly contested transformation. In the early 2000s, the City of Cape Town introduced an urban renewal initiative which successfully halted capital flight and enabled a significant return of investments by both the government and the private sector to the near-declining inner-city within four years. The introduction of the City Improvement District (CID) in 2000 and the Central City Development Strategy (CCDS) in 2009, was perceived by some as an innovative initiative for a "financially strapped city" responding to potential urban decline and a dwindling inner-city rates base.

The urban renewal initiatives were boldly aimed at attracting and retaining investment in the inner-city with the aim of transforming Cape Town into a "world-class" city – a growing trend in the global south, of shaping so-called "underdeveloped" urban areas into a viable destination for global capital. While the regeneration of the inner-city undoubtedly increased the consumer and revenue bases for Cape Town, providing strong underpinnings for a sustained economy, it has also become increasingly exclusionary, challenging the poor's right to the city as they are increasingly excluded from inner-city opportunities, not only in terms of affordable inner-city housing, but also economic opportunity.

The exclusionary nature of inner-city housing is demonstrated by the fact that in 2008, the average selling price of apartments and flats was R1 million per unit. This indicates that the inner-city regeneration was, on the one hand, a source of great achievement for the City of Cape Town and wealthy land and property owners, but on the other, a serious concern for poor citizens, as it resulted in increased market exclusion and, simultaneously, displacement of neighbouring communities, often to the periphery of the city via gentrification. Gentrification has been most notable in the Bo-Kaap, De Waterkant, Lower Gardens, Green Point and the Main Road corridor of Sea Point – with all areas showing considerable increases in property values.

The City of Cape Town prides itself on a number of key inner-city successes, which it reports on in its Central City Development Strategy, including a "90 percent reduction in crime, attracting R14-R18 billion in investment, redevelopment of over 170 buildings, many from old office blocks into luxury residential use, restoration of property values and



EXCLUSIVE: Developments in the Cape Town CBD like (clockwise from left) the Cape Town International Convention Centre, Mandela Rhodes Place, the V&A Waterfront and the former Oriental Plaza have contributed to gentrification and the exclusion of the poor from the city centre, the writer's argue.

There is a need for a radical rethinking of the inner-city and the metropolitan area at large for configuring a city-wide development strategy

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term implications for the urban poor and for the sustainability of the city at large, if the state does not realise its obligations as a developmental state?

Moreover, the drive towards becoming a competitive world-class city is evident in government's substantial and continued investment in the inner-city. At the forefront of much recent media controversy has been the dispute around the City of Cape Town's 2010/11 budget. Criticisms have abounded that the city's R23bn budget is "pro rich", in that only 1 percent is allocated to informal settlements, and that despite state subsidies amounting to R1.1bn, low-income households will continue to pay more for services due to their marginal location, with little or no choice to access affordable housing on well-located land.

Disproportionate state investment is one of the main drivers of unequal city to a large extent, happened at the expense of the metro-south-east. Inner-city investments were largely stimulated through the introduction of fiscal incentives, such as the Urban Development Zones, (20 percent tax rebates for developers) and the ring-fencing of rates in 2003. Investment in the areas of Khayelitsha and Mitchells Plain, where need is highest, has been limited to urban renewal, characterised by shopping malls, which have limited benefits in transforming these areas and integrating them with the city.

Had the city opted for a site valuation of public space? In seven years, property rates tripled (with 29 percent of city revenue generated from property rates in the inner-city in 2008/2009), bringing with it a significant return on rates for the municipality as well as returns on investment for developers and local and foreign investors.

The so-called "success" of the regeneration initiative was best reflected in the booming residential property market – most notably through the conversion of old office blocks into residential apartments, which have increasingly become unaffordable to about 70 percent of the metropole's population. Coupled with this is the poor commitment to provide affordable housing for lower-income earners employed in, especially, the hotel and service industry. It has been well researched, and demonstrated internationally, that medium-density public rental housing has the potential to bring about

meanwhile, change in urban form and function, especially in inner-city areas if there are mixed incomes, sustainable design, resident participation, spatial integration within existing built environments, mixed-use, appropriate tenure, and a livelihoods approach. DAG raises the concern whether these city development strategies are geared towards making the inner-city a playground for the rich, at the expense of even "middle-income" households, let alone the poor. It seems apartheid-era exclusion is being replaced by a financially exclusive land and property market.

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