



## IN THIS GUIDE

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## Solutions for evolving cities

The effect of rapid urbanisation following decades of apartheid planning has taken its toll on many cities. The older, more established areas are subject to urban blight, increasing criminal activity, anti-social behavior and the presence of the urban poor.

Through the establishment of CIDs, the management of defined urban areas is brought down to the street level, with a focus and attention to detail that is not possible from local government.

Managed environments offer friendly, clean and safe conditions that are a prerequisite for investment and growth. Improvement districts have led to the provision of managed environments and are a proven tool in the fight against urban deterioration and decay.

## What is a City Improvement District (CID)?

CIDs are geographic areas in which the majority of property owners determine and agree to fund supplementary and complementary services to those normally provided by the local authority. The objective is to maintain and manage the public environment at a superior level and in doing so enhance their investments.

The local authority continues to provide their normal services. Supplementary CID services might include public safety ambassadorial services, pavement cleaning, litter collection, maintenance of public space, removal of illegal posters etc.

Additional CID services may include place marketing and web-based communication, small capital projects, landscaping and special events to ensure a superior urban village lifestyle.

Through legislation the cost of the provision of whatever services a CID is to provide is then spread on a pre-agreed equitable basis across all property owners within the geographic area. Funds contributed by the property owners may only be spent in the area in which they are collected, unlike rates.

## How is it formed?

Initially, the geographic extent and boundaries of the improvement district has to be defined. All property owners and major tenants within a defined area must be identified and exposed to the proposed intervention. A referendum has to be held and a pre-determined majority must be achieved in order to legally establish an improvement district. Whilst the application to the local authority to establish an improvement district may be made by 25% of property owners, final approval will not be considered unless more than 51% of relevant property owners are in agreement.

Once a district is authorised, 100% of property owners within a district have to contribute financially in the form of a monthly levy. In Gauteng, levies are traditionally calculated on the rateable value of the properties in the improvement district area. This appears to be the most equitable and acceptable approach, although exceptions can be made by the CID with regards to pensioners, undeveloped land and those experiencing temporary financial difficulties.





## International and local solutions

The International Downtown Association (IDA), operating out of Washington DC, estimates that more than 1 000 improvement districts currently operate throughout the United States and Canada. They provide enhanced services above those provided by local government. Many have been formed in recent years as a response to rapidly declining municipal budgets and services.

In Gauteng, improvement district applications to local authorities are considered in terms of the Gauteng City Improvement District Act No. 12 of 1997, which was approved by the Gauteng provincial legislature on 9 December 1997. In other provinces improvement districts are established in terms of local authority by-laws.

The Gauteng City Improvement Act gives the local authority responsibility for collecting CID levies. However, the Section 21 CID companies can apply for authority to collect on behalf of the municipality.

There are approximately 16 legislated improvement districts operating in Gauteng.

## How does it operate?

The improvement district utilises the revenue from levies to provide the necessary services within the legislated CID area. The extent of the services to be provided by the improvement district reflects the actual needs of the area as defined by the perception survey and members input.

The improvement district is established for an initial period of three years with a proposed budget for services to be submitted to council. This gives ratepayers the opportunity to reassess results, impact and efficiency on a regular basis. Paying improvement district members may also vote for the dissolution of the improvement district at anytime during its lifetime, after satisfying its creditors the net assets remaining must be transferred to the municipality or municipalities concerned.

## What are the benefits?

**There are many benefits in establishing an improvement district. These include, but are not limited to, the following:**

### **The cost of providing the services is borne by the property owners in the area**

In terms of the current legislation and by-laws, a CID application can be submitted once 25% of the property owners in the area have approved the initiative.

However the application will only be considered if more than 51% of the property owners – representing more than 51% of the total property valuation of the area – support the application.

Once the CID is officially registered, then all property owners within the area have to contribute. This avoids the situation of a small number of property owners refusing to contribute to the cost of the intervention, while sharing in the benefits.

### **Costs are borne in proportion to the value of property owners' investments**

There are many formulae for calculating the proportion of the overall cost that each property owner has to pay. The most common formulae are based on land or market value, or per square metre. Areas seeking to establish a CID are able to tailor-make an equitable calculation.

### **The improvement district approach is holistic**

All issues that may be negatively impacting on an area are investigated and dealt with on an integrated basis. For example, security officers are trained as Public Safety Ambassadors in providing general information to the public. Assistance is given to SAPS, JMPD and other security organizations in relation to crime prevention, deterrence and apprehension and to the local authority in relation to the transgression of by-laws. Overall management provides daily coordination, focusing services on where they are needed.

### **An improvement district creates a positive identity for the area**

A number of urban nodes or business precincts currently exhibit signs of environmental deterioration to varying degrees, or may do so without an adequate urban management intervention. The establishment of an improvement district provides a new and positive identity from which to launch a concerted effort to maintain and enhance the asset base in the area, thus attracting continued investment and development.

### **The improvement district offers private sector management and accountability**

The improvement district is constituted as a section 21 company with a board of directors, comprised of property owners from within the residential area and

a representative of the local authority. The majority of directors are required through the legislation to be property owners. Annual operations/management budgets are reviewed and approved by the first month of the new financial year, and a full set of management accounts are submitted to the board of directors monthly. In many cases an Executive Committee is also established to discuss security and marketing issues within the node.

### **The effectiveness of the improvement district is measurable**

By conducting annual or bi-annual opinion surveys which are compared to the results of an initial perception survey of the area, the board and all stakeholders are able to measure the success of the initiative. In the medium to long term the effectiveness of the initiative can also be measured against occupancy, rental levels and property values.

### **CIDs monitor any new major development or interventions that impact the area**

As the custodian of the area, the CID is aware of any major renovations or developments in the area and communicates these to the members accordingly, through a website dedicated to each area and regular newsletters.

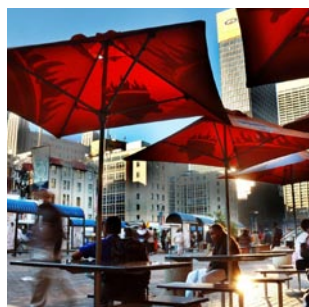
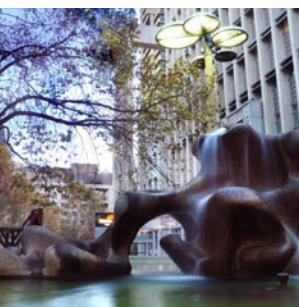
### **The CID is able to put forward ideas for change to council**

Due to its close relationship with council, the CID is able to petition for new initiatives which will further improve the area. This can include initiatives such as traffic surveys and development of an Urban Design Framework, place making and landscaping.



### **Visit a CID website**

[www.sandtoncentral.co.za](http://www.sandtoncentral.co.za)  
[www.rosebank.co.za](http://www.rosebank.co.za)  
[www.braamfontein.org.za](http://www.braamfontein.org.za)  
[www.joburgcentral.co.za](http://www.joburgcentral.co.za)



## **Services offered by City Improvement Districts**

### **1. Cleaning and maintenance**

Improvement districts provide cleaning and maintenance services over and above those provided by local government. This includes frequent pavement sweeping, daily trash and litter removal, weeding pavements, removal of illegal posters/pamphlets in the area and graffiti from buildings and public amenities.

### **2. Security**

Improvement districts provide supplementary crime prevention services to enhance services from the national and metropolitan police. Crime prevention personnel include "Public Safety Ambassadors" who have customer and tourist service training to help users of the area or visitors to the area to find the sites or locations they are looking for.

### **3. Marketing and promotions**

Marketing programmes aim to improve the overall image of a residential district through place marketing, collaborative promotional strategies, market research and working with the media. Special events reinforce the improvement district's drawing power as a destination with a yearly events calendar that maintains an active schedule of lively attractions. Regular newsletters provide tenants with information of what is happening in their area. Each CID has a website detailing what is on offer in their area, for instance, where to eat out.



#### 4. Parking and transportation

Where possible, improvement districts work closely with council through their Urban Design Framework for the area to increase the parking supply within a residential district. A close relationship with the local police department and Taxi Associations is vital to find effective solutions to taxi issues in the area.

#### 5. Social services

Improvement districts are becoming active partners with social service organizations to help address the issue of the homeless, street children and destitute people. Examples of improvement district sponsored initiatives include Rosebank Homeless Association and the Car Guard programmes.

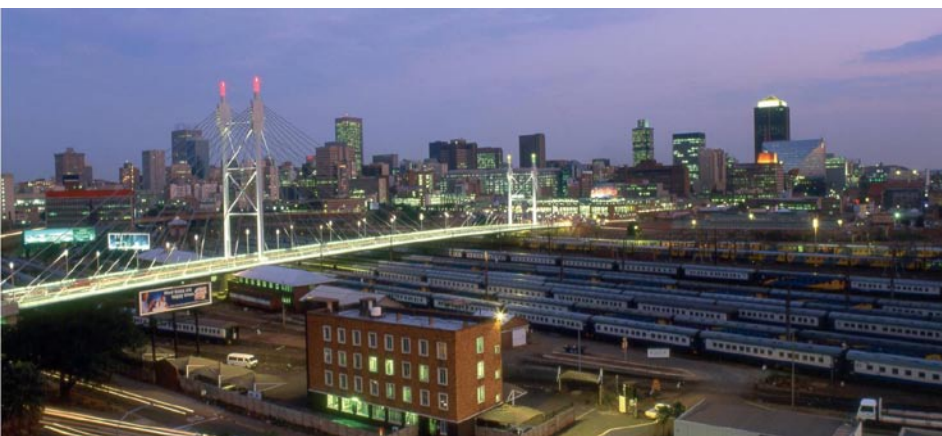
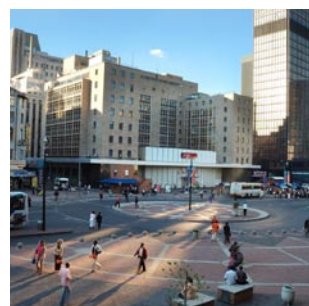
#### 6. Capital improvements

Capital improvement options could include visible amenities such as

- replacing pavements
- providing streetlights
- additional litter bins
- providing and maintaining landscaped traffic lanes or footways
- place-making interventions.

## Considering your options

It can be time-consuming to establish a City Improvement District that is enabled by legislation, potentially eroding valuable time that could otherwise be spent on activities to revitalise an area. An alternative approach is to establish a voluntary initiative that provides classic CID services, without obliging property owners to contribute. However, CIDs that are backed by legislation tend to have greater longevity and financial sustainability. Consequently, migrating from a voluntary to legislatively-backed CID can address that weakness.



## Contact the experts

Urban Genesis Management are the recognised experts in CIDs – providing solutions to urban management problems for the last 14 years.

Tel: +27 11 447 8841  
www.urbangenesis.co.za

# URBANGENESIS

Third floor, Rosebank Corner  
Cnr 7th Ave and Jan Smuts Ave,  
Parktown North  
PO Box 1314 Saxonwold 2132  
Telephone (+27 11) 447 8841  
Fax (+27 11) 447 1375  
Email info@urbangenesis.co.za  
Website www.urbangenesis.co.za