



For an Equitable Sharing
of National Revenue

POLICY BRIEF 3

**ARE CITY POLICIES AND REGULATIONS
RESPONDING TO THE CALL FOR COMPACT
CITIES**





EXECUTIVE SUMMARY

Compact city policy has elicited debate among urban policy makers with some strongly advocating for it, while others cite its disadvantages. In 2011 a study by the Financial and Fiscal Commission found that as an urban form, a compact city is likely to have social, economic and environmental benefits. While some legislation and associated policies have, in theory, sought to address spatial inequalities in practice they have failed to do so. The highly fragmented urban form, the segregation of land uses and low density urban sprawl all add to the poor generic urban performance of South African cities. Further, these issues result in an inefficient transportation system, degraded natural and cultural environments, declining local economies and increasing poverty, inequality and unemployment among the poor.

Metropolitan municipalities (metros) have a clear understanding of what compaction is, and that it is not necessarily a perfect urban form, as it has both advantages and disadvantages. Even though the frameworks, guidelines and policies reviewed have clear

objectives outlining how a particular policy instrument would achieve compaction, implementation guidelines are inadequate and in some instances completely absent. Furthermore while there is urban sprawl in South African cities, and there are policy instruments in place that specifically speak to compaction, metros concur that the strategies and policies on compaction are neither consistent nor mutually supportive, and rarely make it into implementation plans.

There is a glaring lack of consistency in the institutionalisation of existing spatial plans and policies because compaction policies cut across different sector departments that do not speak to one another. There is also misalignment between municipal budgets and spatial development frameworks, leading to the underfunding of spatial restructuring plans. As such, an incentive grant specifically targeted at compaction is required to advance this type of urban form as one of the pillars of spatial development in South Africa. This is especially the case as metros agree that the advantages of compaction far outweigh the disadvantages.

BACKGROUND

The Financial and Fiscal Commission recommended in 2011 that South Africa pursue the development of the compact city form in view of its benefits over sprawl. The Commission noted that the benefits included lower costs and expenditures by households, a reduction in public infrastructure investment requirements, smaller public transport subsidies, and lower carbon emissions. The National Development Plan's Vision 2030 also supports the "breaking down of apartheid geography" through developing more compact cities. One of the ten critical actions contained in the NDP is the development of "new spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps".

The idea of retrofitting existing city footprints to produce compact, coordinated and connected cities has also found traction in the recently launched Integrated Urban Development Framework. The idea of creating compact South African cities is, however, not new. Since democracy, an abundance of policies and frameworks have been developed promoting the role and potential of more compact and spatially-efficient cities. The Reconstruction and Development Programme of 1994, the Development Facilitation Act (DFA) of 1995, the Urban Development Framework (UDF) of 1997, spatial development frameworks (SDFs), integrated zoning schemes and several white papers and government policy statements support the need for compact cities. The DFA was the first legislation post-apartheid that made reference to compaction and was passed to correct the ills of apartheid geography, characterised by unequal and fragmented planning systems.

In June 2010, however, the Constitutional Court ruled that certain provisions of the Act were unconstitutional and invalid, and it was replaced with the Spatial Planning and Land Use Management Act (SPLUMA) in 2013. In 1998 the National Environmental Management Act (NEMA) was adopted as the overarching environmental legislation applicable to all organs of state. In 2003,

the first National Spatial Development Perspective (NSDP) was approved by Cabinet and later revised in 2006. Other legislation that supports compact city development is the Infrastructure Development Act (IDA) of 2014, which includes the concept of Strategic Integrated Projects (SIPs). These were first introduced in the National Infrastructure Development Plan (NIDP) of 2012.

Despite this array of policy espousing the virtues of compact cities, urbanisation in South Africa is still characterised by sprawl. Against this backdrop, the Commission set out to investigate whether city policies, spatial plans and regulations are responding to the call for compact cities and city regions. The study assessed the current policies and institutional arrangements supporting the creation of compact cities; determined whether policies are consistent, mutually supportive and aligned to the spatial development agenda of the city; and evaluated the incentives, grants and other fiscal instruments designed to support compaction.

RESEARCH FINDINGS

Policy Review

Using the policy content analysis framework depicted in Table 1, the compaction and densification strategies, policies and frameworks of the City of Tshwane, the City of Johannesburg, Nelson Mandela Bay Municipality (NMBM) and Ekurhuleni were reviewed including:

- City of Tshwane – Compaction and Densification Strategy, 2005;
- City of Ekurhuleni – Densification Framework, 2008;
- Nelson Mandela Bay Municipality – Urban Edge Review Project incorporating Rural Land Use Management Policy and Urban Densification Guidelines, 2007; and
- City of Johannesburg – 2040 Spatial Development Framework.

Table 1. Policy content analysis framework

Measurement objective	Indicator guide
Information base	Does the policy contain data/statements/analyses that show awareness of compaction?
Vision and objectives	Are there objectives associated with the development/enhancement of compaction?
Implementation	Do the implementation provisions make reference to compaction measures?
Incentives and disincentives	Are there incentives/disincentives to promote/discourage compaction/sprawl?

Source: Heidrich et al. (2013).

The strategies, policies and frameworks of the four cities illustrate that in general cities have a deep understanding of compaction. The City of Tshwane’s Compaction and Densification Strategy, for example, contains statements that show awareness of compaction and further explores relevant legislation and policies to determine the impact of these on compaction. The City of Ekurhuleni’s Densification Framework reviews both local and international literature to gain a clear understanding of compaction and related topics. The Nelson Mandela Bay Municipality’s Urban Edge Review Project incorporating Rural Land Use Management Policy and Urban Densification Guidelines acknowledges that “one of the main goals of compaction and densification is to ensure that the standard of living that people enjoy will actually improve and compaction should therefore be viewed as a positive intervention in the urban structure”, illustrating that the metro understands the benefits of compaction and views the concept in a positive light.

The objectives and rationale of the strategies and frameworks reviewed are clearly and succinctly stated for all the metros except the City of Ekurhuleni. The compaction strategy of the City of Tshwane only focuses on increasing the gross density of the metropolitan area as its main objective, rather than making detailed proposals for densification in specific areas, while that of the City of Ekurhuleni is devoid of any objectives. The City of Tshwane’s strategy is not clear on how to densify specific areas of the city to rectify the imbalances of apartheid and develop sustainable human settlements, as espoused in the document. Despite not having clear objectives, the densification framework of the City of Ekurhuleni identifies various areas within the “core economic development triangle” for development, and is specific in its approach to compaction. The City of Johannesburg’s 2040 Spatial Development Framework allocates only two pages to compaction. There is scant information on how the city plans to adopt compaction

as an urban form, except to acknowledge the general advantages of a compact city. Section F of the Nelson Mandela Bay Municipality’s Urban Edge Review Project incorporating Rural Land Use Management Policy and Urban Densification Guidelines is the Urban Densification Strategy for the city. The rationale and objectives of this policy document are exactly the same as those of the Compaction and Densification Strategy of the City of Tshwane, and are therefore clearly stated.

The strategies reviewed are silent on how exactly compaction will be achieved. The City of Tshwane’s Compaction and Densification Strategy, for example, only makes proposals on how to achieve compaction, and does not clearly outline the actual implementation plans and corresponding resources required to realise its objectives. Furthermore, in its objectives the City of Tshwane’s strategy acknowledges, albeit indirectly, that city compaction involves various departments in the city, for example, the departments of transport and agriculture. However, these departments, and the role they should play in achieving compaction, do not feature in the implementation section.

The City of Johannesburg’s 2040 Spatial Development Framework does not have an implementation plan, neither do the City of Ekurhuleni’s Densification Framework, and Nelson Mandela Bay Municipality’s Urban Edge Review Project incorporating Rural Land Use Management Policy and Urban Densification Guidelines. Apart from the City of Tshwane’s Compaction and Densification Strategy, the strategies do not make mention of incentives to encourage compaction, or disincentives to sprawl. The City of Tshwane’s strategy is itself not clear on how incentives and disincentives would be structured and how they are to be managed. Table 2 illustrates the summary of findings from the policy content analysis of the four metropolitan municipalities.

Table 2: Summary of findings from the policy content analysis

Measurement objective	Indicator guide	City of Tshwane: Compaction and Densification Strategy, 2005	Ekurhuleni: Densification Framework, 2008	Nelson Mandela Bay: Urban Edge Review Project, 2007	City of Johannesburg: 2040 Spatial Development Framework
Information base	Does the policy contain data/statements/analyses that show awareness of compaction?	Yes	Yes	Yes	Yes
Vision and objectives	Are there objectives associated with the development/enhancement of compaction?	Yes	No	Yes	Yes
Implementation	Do the implementation provisions include reference to compaction measures?	No	No	No	No
Incentives/disincentives	Are there incentives/disincentives to promote/discourage compaction/sprawl?	Yes	No	No	No
Policy funding	Is the policy funded?	No	No	No	No

Source: Commissions' compilation.

Case Studies

Regarding urban sprawl, the cities interviewed were in agreement that sprawl is a multifaceted concept which includes, but is not limited to, the outward spread of a city and its suburbs to its outskirts and to low-density and decentralised development. This spatial arrangement often gives rise to scattered development, sometimes outside of the urban edge with a high segregation of uses and various design features that encourage car dependency. A certain intensity of development in areas that are outside of the applicable urban edge, at a given time, is considered sprawl. Some would regard development areas further away from the inner cities, yet still within the urban edge, as sprawl while others would regard it as densification.

It is generally understood that remote development and the proliferation of development in peri-urban areas, and areas outside the urban edge, could be regarded as urban sprawl. The City of Tshwane, for an example, is not the result of planned growth but rather of the extension of its boundaries to incorporate new areas over time. This has resulted in a sprawling city form, vast and complex in nature. Nevertheless, the City does not consider sprawl to be an issue, at least not now. Pressure to develop outside of the edge exists, but this is not a major concern.

According to the City of Ekurhuleni, the city has always had urban sprawl because of the amalgamation of towns including Benoni, Boksburg,

Springs and Brakpan, however, spatial development frameworks are in place to determine land uses, provide zoning schemes and introduce the urban edge, to control sprawl.

Regarding spatial development, land ownership and socio-economic arrangements in cities, the metros interviewed are responsible for spatial planning at various levels. This includes the SDF, which is then included in the IDP for implementation. In the case of Nelson Mandela Bay Municipality, an amended Metropolitan Spatial Development Framework (MSDF) was adopted in 2015 and the Sustainable Community Planning Guide (SCPG) provides guidelines for integrated and sustainable urban planning. It addresses development principles, planning principles, planning processes, and community and stakeholder participation. The document also addresses social, economic, developmental and environmental sustainability as well as compaction and climate change. Other spatial planning instruments include local spatial development frameworks (LSDFs),

the Urban Network Strategy, precinct and layout plans, and land use schemes.

The City of Ekurhuleni owns large tracts of land which, in terms of its municipal SDF, are earmarked for various uses required for integrated and sustainable development. These include environmental conservation and open space, residential development, and economic development.

There is no real need for the city to embark on a programme to acquire large tracts of land for development. The Council has, however, recently identified various land parcels in 'well located' areas for integrated residential development and targeted informal settlement upgrading. The development of some of these land parcels will contribute to compaction. The identification of well located 'brownfield' land parcels, such as defunct schools, has more recently been introduced as a densification instrument. This will be implemented through precinct planning in spatially-targeted areas, such as Integration Zones (IZs).

In the City of Tshwane, the highest densities are to be found on the peripheries of the city due to the apartheid spatial planning legacy. As discussed, it is important to bear in mind that the City is a result of amalgamations that took place in 2000 and 2011. This has resulted in some areas that may seem to indicate sprawl, but are in fact areas from formerly separate municipalities that are far from the city's main economic nodes. As set out in the MSDF Work Opportunities map, most of the metro's residents live far from employment and must traverse great distances to reach their places of work. Similarly, high income areas are found in regions 3, 4 and 6 of the city, reflective of historical spatial and economic distribution decisions. Much of the most valuable land in the city is in private hands.

All four metros indicated that they have strategies and frameworks on compaction in one form or another. But the metros concur that these policy instruments do not identify role players and their corresponding responsibilities, their objectives are not discernible and they lack clear goals and responsibilities for all of the departments affected.

Regarding funding for compact cities, focus group participants indicated that, despite the pronouncements on spatial restructuring in metropolitan municipalities, there are neither incentives nor specific funding streams for compaction. Furthermore while a number of fiscal instruments fund the built environment, and spatial restructuring makes reference to SDFs at municipal level, they are often not aligned to municipal SDFs. Discussants conceded that with regards to spatial restructuring, there are generally weak linkages between the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA). On the one hand, the MSA gives rise to SDFs through IDPs, on the other, the budget and the Service Delivery and Budget Implementation Plan (SDBIP) are requirements of the MFMA. The budget has to fund the SDFs, yet the two are misaligned. For example, the SDF includes infill and densification tools to achieve spatial restructuring, but the budget does not have a specific fiscal instrument or line item that corresponds to this. This misalignment leads to the perpetual underfunding of spatial restructuring plans.

The focus group was of the opinion that city compaction can be most efficiently funded through a grant that will serve as an incentive, as is the case with the Built Environment Performance Plans (BEPP) of the metros. According to National Treasury's Guidance Note for the Built Environment Performance Plan 2016/17 – 2018/19, "the BEPP is a requirement of the Division of Revenue Act (DORA) in respect of infrastructure grants related to the built environment of metropolitan municipalities, and is one of the eligibility requirements for the Integrated City Development Grant (ICDG)". Metropolitan BEPPs demonstrate the optimal use of the grants targeting expenditure in priority areas to obtain spatial restructuring, such as compaction, and they serve as a link between the budget and the SDF. Built environment capital grants that can be accessed through BEPP include the Urban Settlements Development Grant, the Public Transport Infrastructure Grant and the Neighbourhood Partnerships Development Grant. The metros acknowledged that the grants obtained for BEPP are not sufficient to address the issue of compaction. Even though these grants are for spatial restructuring, compaction is treated as one of the many spatial restructuring plans and does not receive adequate attention and the required corresponding resources.



CONCLUSION

Urban sprawl is inefficient due to its large distances that increase transportation costs, support unwarranted consumption of land and increase the cost of providing public services. Compaction is used to address the growing challenges of urban sprawl, global warming and housing shortage in cities all over the world. It is also a spatial transformation tool that can be used to address local political concerns, which vary greatly depending on the economic, social and geographical position of municipalities, within large urban areas. In South Africa, compaction is imperative for spatial restructuring and the dismantling of the physical characteristics of the apartheid city.

As such, city policies, strategies and frameworks on compaction ought to be clear, specific and funded.

For this to occur, the Commission recommends that National Treasury introduces an incentive grant specifically targeting city compaction, an urban form that has the potential to remedy apartheid geography and bring citizens closer to opportunities of work and facilities. The spatial development grants, currently accessed through the BEPPs, treat compaction as only a small and negligible component of spatial transformation.



For an Equitable Sharing
of National Revenue

Enquiries: Zanele Tullock (zanele@ffc.co.za)

Financial and Fiscal Commission
Montrose Place (2nd Floor), Bekker Street,
Waterfall Park, Vorna Valley, Midrand,
Private Bag X69, Halfway House 1685

Tel: +27 11 207 2300

Fax: +27 86 589 1038

www.ffc.co.za