

## **Urban LandMark booklet launch: improving access to the city through value capture**

Urban LandMark launched its booklet on the creation, measurement and capture of value from transport interchanges on the evening of the first day of the conference (Thursday 12 April 2012).

The booklet looks into the opportunities/obstacles to municipalities' use of value capture instruments.

It also investigates the economics of value creation and value capture to identify the possibility of 'getting ahead of the curve' in securing these sites for more socially orientated development.

It also gives the user the opportunity to learn about:

- How value is created at transport interchange sites
- Which value capture instruments would most effectively capture that value for public good
- What legislative, policy and fiscal changes are required to allow for greater use of such mechanisms.

Cities attribute much of their economic expansion to the development of transit systems that link people efficiently to jobs. However, due to the sprawling nature of South Africa's cities and the lack of modern transit systems, many low-income South Africans spend a high share of their disposable income on transport.

Since 2005, South Africa has massively stepped up its investment in rail, road and air transport infrastructure, with the Gautrain, the Bus Rapid Transit Systems and new highways representing huge investment in the country's transportation network.

Such transport infrastructure development often brings greater passenger loads, increased traffic and improved exposure to the immediate area. As a result, local businesses may receive a boost, new businesses may wish to locate there and more residents may wish to move to the area to benefit from convenient, accessible transport.

The resultant increase in the demand for nearby land often increases property values in the area.

Such potential increase in land value surrounding public infrastructure offers major opportunities for cities to promote development and for local government to accumulate some of the value created by using various 'value-capture' mechanisms. However, despite these opportunities, local authorities in South Africa have adopted few value-capture mechanisms to date.

The Urban LandMark booklet builds on a 2009/2010 Urban LandMark-commissioned investigation by African Development Economic Consultants into value creation and value capture around transport interchanges in South Africa and international best practices in capturing this increase for public good. It further builds on a 2011 Urban LandMark-commissioned study by Alison Hickey-Tshangana into the legislative, policy and fiscal frameworks impacting on the use of value capture mechanisms in South Africa.

**Opening Remarks: Chair - Mark Napier, Urban LandMark**

Napier opened the session by defining what value land capture is and the aims and intentions of the booklet. Value capture effectively means the ability of a number of actors to recoup value of investment, generally by government. Urban LandMark wanted to see how this concept applied in the South Africa context and wanted to ask the question of whether it could open up spaces for the poor.

### **Opening remarks - Prof Philip Harrison, National Planning Commission**

Phill Harrison, a commissioner of the National Planning Commission<sup>1</sup> (NPC) congratulated Urban LandMark on the completion of this booklet. He said that the NPC viewed the product as useful and timely and thought it would provide assistance to a number of agencies, including the City of Johannesburg. He went on to say that the Draft NPC was presented on 11 November 2011. There was much engagement and the final draft was expected to be completed by the end of May 2012 and sent to Cabinet for comment. In relation to the NPC's work on human settlements, this booklet is a valuable addition that will help to strengthen the chapter on this topic.

The transformation of human settlements is complex and there is no silver bullet; rather, what is required is sustained political will, with complex technical inputs. There is a commitment to reshaping these environments so that they function for ordinary people, reduce costs, expand access, reduce damage to the environment, make it easier to secure livelihoods and make jobs available. In order to achieve this end, there is the need to continually clarify the NPC's vision. In addition there is the need to build capacity in all segments of society and build capabilities in state, to deal with these matters. There is also the need to build spatial literacy amongst ordinary citizens, and the need for forums to ensure the co-solving of problems; if that can be done over the next five years it will go some way to achieving this vision.

Harrison went on to say that the booklet has sharpened the sector's interests, and that progress has been made, but there are still many deficiencies. There are a number of instruments but many are not working properly and there are many instruments that haven't been included in the planning arsenal, where value capture comes in. The government has already missed opportunities, some transit opportunities have been realised but the instruments are not yet in place. Municipalities are struggling to finance new capital investments. A city like Sao Paolo funds all capital investments from value capture. This is not a new term, but what has been missing is the possibility of value capture in South Africa. The NPC will now be opening the space for value capture in its new draft and welcomes Urban LandMark's work on this topic.

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<sup>1</sup> The National Planning Commission is a new initiative of government. Chaired by the Minister in The Presidency for National Planning, the NPC is responsible for developing a long-term vision and strategic plan for South Africa. For further details please see <http://www.npc.gov.za/>