

Johannesburg launches Inner City Property Scheme

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Johannesburg Mayor **Amos Masondo** launched an Inner City Property Scheme (ICPS) on Wednesday, as part of a broader strategy to ensure the city realises its goals of urban renewal and rejuvenation.

“The ICPS is an important initiative by the City of Johannesburg in partnership with the private sector to address urban decay and accelerate the rejuvenation of the central business district,” Masondo said at a media briefing.

The ICPS replaces the Johannesburg Better Buildings Programme, which focused on turning “bad buildings” into “better buildings”.

Masondo added that one of the concerns has been the way in which some of the residential buildings in the Johannesburg inner city had deteriorated over the years, showing signs and characteristics of urban decay.

In many instances, absentee owners have simply abandoned the buildings without any further investment in the maintenance and upkeep, he said.

“Sometimes buildings are simply ‘taken over’ and appropriated by organised groups and turned into a havens for criminal activity, drug running and prostitution or worse.”

In some cases, the city would expropriate the buildings.

The ICPS was developed to transfer expropriated properties into an inner city property portfolio in the process of passing these onto a new company.

Masondo said that broad-based black economic-empowerment (BBBEE) participants would hold the controlling shares in the new company, of which the participating entities were selected through a request for proposal (RFP) process, and required to provide a minimum equity contribution of R5-million.

The new company will also raise debt capital from lenders and other providers of debt.

He hailed the ICPS as one of the most far-reaching BBBEE transactions yet introduced in South Africa.

The ICPS will also create a panel of BBBEE service providers that will be responsible for refurbishment work. This will include among others: builders, carpenters, electricians, security companies, CCTV providers, landscapers and maintenance companies.

Participants in the scheme will be required, as far as possible, to make use of the services of businesses that are on the panel.

The city will be transferring 30 properties that are dilapidated, abandoned, illegally occupied or hijacked as well as vacant pieces of land into the new company through a developmental lease with an option to buy.

The city received 23 RFPs of which eight were chosen.

“We do not want short cuts. People must deliver as there is no room for incompetence and failure. This is not a money-making scheme for black people. We do not want this project to be associated with the horror stories about BEE. We must just succeed,” Masondo said.