JPC Presentation to SAIBPP
3 August 2017
City of Joburg Property Company SOC Ltd
Land is a key resource that is fundamental in influencing and shaping desired spatial, social and economic objectives.

Land is necessary to absorb the urban poor in a rapidly growing city and to provide them with basic services. Given that over 60% of the City’s population fall within the low income range.

Land is needed to sustain crucial environmental processes and ecosystems within the City (open space systems, environmentally sensitive areas, water resources).
Value Proposition

Manages the largest municipal portfolio in South Africa

Manages total property portfolio of 29,700 land parcels, with a municipal value of R8,9 billion

First compliant asset register in SA Local Government

Only integrated and transformed pioneering property owned company in South Africa

Industry leader with unrivalled expertise in Property Management, Property Development, Asset Management

Uses land to enhance efficient use of property to drive investment, economic growth and job creation

Manage land of one of the largest 50 metros in the world
As City of Joburg Property Company, and as a custodian of local government land we have under our custodianship about 29 700 parcel of land.

JPC portfolio historic value is R8,9Bn and Market Value of about R34Bn
Leveraging of Public Sector Land to achieve Socio Economic Objectives through and focusing on:

- Job Creation and Transformation
- SMME & Youth Development in Property
- Women Development in Property to achieve gender parity in property
- Partnership between private and public sector on public land to contribute to the achievement of the 17 sustainable development goals (SDG)
LEVERAGING OF PUBLIC SECTOR LAND TO ACHIEVE SOCIO-ECONOMIC OBJECTIVES

FOCAL POINTS

- Creating jobs and livelihoods
- Expanding infrastructure
- Transitioning to a low-carbon economy
- Transforming urban and rural spaces
- Positioning Johannesburg in South Africa and in the World
- Human settlements
- Building safer communities
- Improving education, innovation and training
- Social protection
- Providing quality health care
- Building a capable state
- Fighting corruption and enhancing accountability
- Transforming society and uniting the nation
Portfolio Profile

No. of Properties per Region

Size per Region (ha)

Valuation per Region [%]
The Portfolio Categorization Process includes:

- Defining the market related principles for completion of the categorization,

- This will have to be reviewed annually in terms of relevance and applicability to determine a bespoke categorisation relevant to JPC’s needs, funding and revenue generation requirements.

### Portfolio Categorisation

<table>
<thead>
<tr>
<th>Portfolio Category</th>
<th>Standard Reason</th>
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<tbody>
<tr>
<td><strong>Category A:</strong> Blue Chip Accounts</td>
<td>A1: Portfolio Revenue of more than R20 000 pm</td>
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<tr>
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<td>A2: Development Leases</td>
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<td>A3: Strategic Interchange Transport Malls (Major Taxi Ranks)</td>
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<tr>
<td><strong>Category B:</strong> Mixed Use/Key Accounts</td>
<td>B1: Commercial Portfolio with revenue of R20 000 p.m.</td>
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<td>B2: Social Portfolio with revenue between R10 000 and R19 999 p.m.</td>
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<tr>
<td><strong>Category C:</strong> Social Economic Development Accounts</td>
<td>C1: Commercial &amp; Social Portfolio with revenue of R0 to R4 999 p.m.</td>
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<td>C2: Commercial &amp; Social Portfolio with revenue of R5 0000 to R9 999 p.m.</td>
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<td>C3: Transport and Informal Trading Portfolio</td>
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<tr>
<td><strong>Category D:</strong> New Business Accounts</td>
<td>D1: Vacant Land</td>
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<td></td>
<td>D2: Servitudes: Encroachment/ Sanitary Lanes</td>
</tr>
<tr>
<td><strong>Category E:</strong> Service Delivery Accounts</td>
<td>E1: Internal Stakeholders (State Owned Entities &amp; City Departments)</td>
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<td>E2: External Stakeholders (Eskom, Rand Water etc.)</td>
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<tr>
<td><strong>Category F:</strong> Property Development Accounts</td>
<td>Property Development Projects above R100 million</td>
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<td>Property Development Projects below R100 million</td>
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### Methodology for Categorisation

1. **STEP 1:** Define and agree on principles
2. **STEP 2:** Categorise properties according current use
3. **STEP 3:** Allocate properties into the relevant portfolio categories according to principles
The CoJ Land Strategy is necessitated by numerous challenges experienced in administering land to internal and external stakeholders. These challenges range from a general lack of knowledge of the Municipal owned land database; the current land use; availability of leases and user agreements; through to knowledge of the institutional home for the land portfolio. Other issues included:

**Internal and external planning input**
- Inconsistencies regarding detailed precinct planning to guide land allocation
- Changing of SDF boundaries may impact on prioritization
- Outdated sector plans that do not consider Land and property requirements
- Limited resources to update the JSIP database
- Long term plans for land per sector and or department (internal and external) are not forthcoming

**Consultation**
- Weak dialogue on the land availability and requirements to unlock the property portfolio
- Weak dialogue with national, provincial and parastatal counterparts
- Weak dialogue with private sector on opportunities
- Procurement processes on land is ad hoc

**Funding**
- Budget processes which dictate land allocation and availability impacts on service delivery
- Significant portions of land are occupied with capital investment

**Revenue**
- Historical leases which have not been renewed due to limited direction from sector strategies
- Limited understanding of the latent potential of land as valuation not undertaken on CoJ owned land

**Prioritization**
- Limited prioritization focus prior to the current SDF 2040
- Low alignment to sectoral policies
- Low understanding of the limitations on land in terms of, market demand, regulation and infrastructure
HIGH-LEVEL BUSINESS CASE FOR THE LAND STRATEGY

City-owned land must be productive therefore maximum benefits need to be derived

In quantitative terms the Land Strategy is about “Unlocking the True Potential of City Owned Land”. It is about leveraging off the Land to facilitate new jobs; construct social facilities; house an almost doubled population and provide infrastructure to support the growth by 2040. Land can be made available to partners to play their role in the Vision and for the City to fund its objectives. The leasing potential of the Land could be grown ten times by having a clear allocation framework that is aligned to policies.

Core Municipal Functions

• Securing Land for City functions and projects is of paramount importance.
• The City of Johannesburg provides basic services that include: water, roads, transport, infrastructure and public transport, waste water (sanitation), electricity, waste management and housing.
• The allocation of Land to City projects needs to be guided by internal policy alignment as defined by the SDF 2040 and supporting frameworks such as the EMF and IDP Top Ten Priorities

A Platform for Dialogue

• The Portfolio becomes a dialogue to leverage Government Partnerships in escalating Service Delivery in the City of Joburg.
• This entails aligning the National and Provincial Policy to the Land resources in Priority Zones and Outside.
• The City will be able to engage with its partners by offering its land for infrastructure and facilities and in return Government can reciprocate where priorities overlap

Economic Transformation

• The Land strategy is required to generate revenue for the City by identifying properties that may ordinarily be left idle.
• The opportunity exists to sell off redundant property and grow rentals from R10m p.a. to at least R100m p.a. in the Short term and up to R400m p.a. in the long term. This rental potential may go along way to fund capital projects and maintain assets over the long term.
• Land is a key instrument in the City’s Investment Promotion Strategy.

Revenue Generation and Investment Promotion

• The Land Strategy is a major Cog in the dismantling of Apartheid land Policies.
• Joburg will become a leading player in transitioning land from previously White managed Municipality in the past to a democratic and racially diverse metropolitan area.
• Land can be accessed for Transformation Purposes and Radical Economic Transformation. It is required to be linked to other support programmes in this regard.
GUIDING PRINCIPLES

Optimize Land Use

- The City will need to use existing under-developed land more efficiently; Currently there is a disjuncture between where the main City and state landholdings are (in historically Black areas) and where the City would like to direct development.
- Active and innovative management of land resources: this can minimize holding costs and maximize access to land in pursuit of GDS objectives.
- Under-utilised sites need to be more efficiently developed: this can be through subdivision or sectional title which effectively creates more land parcels within already serviced and developed areas;
- Under-utilised sites along BRT routes, Gautrain stations and nodes need to be incentivised to realize greater potential; Pay particular attention to “brownfields” opportunities because of their under-utilization and good location (but subject to cautionary caveats regarding the cost of rehabilitation and other regulatory and institutional obstacles).
- Explore land readjustment strategies for ‘brown agenda’ under-developed or mis-functional areas (areas where the primary function of the land has changed over time);

Spatial Restructuring

- To spatially restructure the City will require a concerted interventionist approach

Densification

- Purchase land/rights/options to promotes denser development (e.g. around nodes and activity corridors and spines) to slow the increase in the carbon footprint of the City, even if it is expensive (in the longer run, the development efficiencies it will bring it will be cheaper).
- Promote densification strategies throughout the City;
- Hold the urban edge as part of the densification strategy and reduction of the carbon footprint.
GUIDING PRINCIPLES

Targeted Acquisition

- Identify and acquire – through purchase, land rights acquisition or development packaged deals – strategic open spaces and natural areas required for the City in the medium to long term in line with the City’s spatial vision, recognize that this could imply holding costs.
- Land swaps: these could be considered to acquire strategically located land to achieve the GDS objectives, given the current mismatch between current City land holdings and development imperatives;
- Acquire options to purchase/development rights land in identified economic opportunity areas – along spines or near nodes for commercial, industrial, housing and government purposes in mixed use configurations; development along these corridors could also be linked to CEPAC initiatives to generate income for their development and create partnerships.

Facilitate economic opportunities along activity spines and around nodes

- These areas will provide most opportunities and through targeted land use planning, land with rights for economic opportunities can be released in such areas. This will require co-operation with Land Use Management (e.g. rezoning land) and Strategic Planning (e.g. preparing Precinct Plans) sections of the City (LU Planning).

Structure BEE and Pro-poor economic opportunities/projects along spines and around nodes (LU planning)

- Likewise, with the concentration of resources along transit routes and key nodes, land strategies that target economic opportunities for the poor should leverage off other private sector driven economic developments. Additionally, appropriate, flexible zoning to include mixed uses that will promote home-based economic opportunities are also Pro-poor.
GUIDING PRINCIPLES

Land redevelopment opportunities along spines and near nodes

- This could apply to brownfield and under-developed land and could also offer opportunities for BEE developers and small scale land lords

Develop “inclusionary commercial development”

- Mix of BEE strategy and making and/commercial space available for emerging businesses in commercial developments, along lines of the inclusionary housing policy

Partnerships

- Enter into partnerships with the private sector in “inclusionary commercial developments”, especially where the City owns land;
- Partnerships: with private and civil society sectors
- Land packaging in partnerships: for strategic land, putting together attractive and appropriate deals needs to be considered;
- Land Readjustment: this involves partnerships with many property-owners for a specific re-development and re-configuring of land development and could be considered for brown field development;

Reduce barriers in the formal land market

- Strategies need to be sensitive to the needs of the poor and widen the access frontier for the poor.

Land Ownership

- Increase urban land ownership for historically disadvantaged;

Create a ladder of residential opportunity

- Make all sectors of the housing market work (not just a focus on the low-income/housing subsidy market). Address the Housing Gap - It is important to facilitate access to land for starter and middle-income housing in appropriate areas: this will address gaps in the housing ladder.
STRATEGICALLY RELEASE LAND FOR DEVELOPMENT

Strategically release Land for Development

Land must be provided for interventions based on an approved or adopted impact analysis

- **Policy statement** - The City will prioritize land in relation to the impact on society; environment; the economy and infrastructure platforms. Prioritization will be guided by the City’s SDF 2040 and JSIP processes.

- **Preference** - Land with high job creation benefits and improvement in economic investment will be weighted the highest to address the high unemployment and poverty prevalence in South Africa.

- **Exclusions** - Where the Social and Environmental Benefits outweigh the Economic benefits, land will be released in favour of these activities.
Land must be regularized in terms of the appropriate town planning, environmental, infrastructural and land assembly processes including packaging of the appropriate procurement options for acquisition; refurbishment; maintenance, development and disposals.

- **Policy statement** - The City will facilitate land enablement and or development processes within the desirable implementation timeframes by addressing bottlenecks in the Land assembly and packaging processes.

- **Preference** - Land where the City has a vested interest in acquiring for future use and existing council owned land.

- **Exclusions** - Land that is not owned by the City will not afford the full ambit of development facilitation services as these processes attract certain costs.
To address the challenges the Land Strategy for the CoJ is required to be aligned to the SDF 2040, national and provincial priorities and take-up rates or allocation is to be guided by a market demand study. Furthermore, the Land Strategy is a set of development principles for the allocation of land owned by the CoJ as well as any future acquisition of land.
# LAND STRATEGY VISION, MISSION AND OBJECTIVES

**Vision**

“A Diverse Property Portfolio aligned to the Policy direction of Government as the custodians of Society in the City of Joburg”

**Mission**

“An informed Land and Property Portfolio that addresses the needs of key stakeholders”

## Key Objective 1: Enhance Land Categorization through Policy alignment

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<thead>
<tr>
<th>Improve knowledge of the Property Portfolio</th>
<th>Improve knowledge of Land Demand for the City's Strategic Programmes</th>
<th>Improve knowledge of Land Demand for the City's Transformation Objectives</th>
<th>Improve Land Categorization of CoJ owned Land &amp; future Acquisitions</th>
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## Key Objective 2: Improve Land delivery Processes to key stakeholders

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<tr>
<th>Improve knowledge of Risks related to Service Delivery</th>
<th>Improve knowledge of land legal processes &amp; strategic levers to enable land for key sectors</th>
<th>Improve Land delivery processes for Transformation Objectives</th>
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## Key Objective 3: Reduce dependencies on traditional approaches to Land supply

| Improve on space standards for land and property development | Improve on traditional approaches to implement property projects through Best practices | Propose New Land Development principles |
Economic Interventions
Social Interventions
Environmental Interventions
Infrastructural Interventions

City of Joburg Land and Property Demand Pressures

Land strategy outcomes which are aligned to Policy Pressures from Government & Private Sector Partners at a Spatial Level

Region A land requirements
Region B land requirements
Region C land requirements
Region D land requirements
Region E land requirements
Region F land requirements
Region G land requirements

Regional nodal projects & catalytic interventions

LAND REQUIREMENTS TO MEET OBJECTIVES PER PROPERTY SECTOR

Potential supply areas – currently working on these areas

METHODOLOGY AND APPROACH
FACILITIES MANAGEMENT

Approximately 2200 municipal occupied buildings

POSITIONING:
Nationally and internationally recognised public sector property facilities management company

Objectives
• City as an investment destination
• Sustainable property maintenance
• Facilities management company of choice
• Customer centricity

Benefits
• Wide Ranging value chain
• Revamp of facilities for an integrated City
• Develop a specialised skills
• Enhance the total cost of ownership model

• Starts with customer service.
• Commitment to continuous improvement
• Employees must be empowered and held responsible
• Quality service will be recognised and marketed
• Public relations exercise:
  – Increasing the awareness of facility and the use of the facility.
  – Improve the image of facility organisation as a service provider to the community
  – Enhance the community knowledge about facility service.
  – Develop an annual public relations plan
OUTDOOR ADVERTISING

APPROVAL OF A NEW BY LAWS AND THE MASTER PLAN

HOLD A SUMMIT WITH THE INDUSTRY FOR CONSULTATION

REMOVAL OF ILLEGAL SIGNS

INCREASE CAPACITY TO ENHANCE CONTRACT MANAGEMENT

CENTRALISE THE SUBMISSION APPLICATIONS

• OBTAIN COUNCIL FOR THE ESTABLISHMENT OF AN “OUTDOOR CITY: A MANUFACTURING AND CREATIVE HUB
• ACCELERATE TRANSFORMATION:
  • assembling, manufacturing and construction of various advertising signs, formats and public amenities,
  • printing, production, maintenance, management, research and development, sales, marketing, green projects, recycling, etc.

FINALISE RESTRUCTURING THE PORTFOLIO:

• TO ACHIEVE 60% TRANSFORMATION TARGET (FOCUSING ON WOMEN AND YOUTH) AS PER STRATEGY (2017 TO 2021)
• TO DEPLOY STREET FURNITURE AND AMENITIES THROUGH THE OUTDOOR CITY AT NO COST TO THE CITY (2017 TO 2021)
• INCREASE VALUE FROM R50 TO OVER R 250 MILLION OVER NEXT 5 TO 10 YEARS TO 2021

IMPLEMENT NEW TRANSFORMATION PROJECTS SUBJECT TO APPROVAL OF THE MASTER PLAN BY COUNCIL SUCH AS:

• GATEWAY SIGNS
• PRECINCT ADVERTISING
• FORMALISATION OF FIRST PARTY ADVERTISING SIGNS ON COJ LAND
CHALLENGES:
OUTDOOR ADVERTISING

- Illegal advertising and clutter that decreases the value of the portfolio for all role players
- Lack of transformation (over 95% of advertising signs in the city owned by less than 5% of the media companies)
- Lack of funding for new entrepreneurs
- Lack of support for smaller players by media buyers
- High application fees by council
- Lack of capacity to submit application by smaller entities
- Anticompetitive practices (unfair advantage in selling media space and offering discounts by large corporates)