

MEDIA RELEASE

URBAN DEVELOPMENT ZONE BOUNDARY EXTENSION TO INCLUDE POINT WATERFRONT DEVELOPMENT

For Immediate Release
23-05-2011

Prospective developers within the Point Development area, some portions of the Warwick area, Greyville area and the Upper Congella now have a chance to benefit from the government's tax break scheme aimed at encouraging urban landlords to upgrade inner-city buildings.

Under the scheme, introduced in December 2004, substantial tax write-offs are available to the owners of commercial properties who renovate their buildings or construct new buildings within the demarcated zone in Durban's CBD. The legislation was promulgated as a means to combat urban decay and regenerate the central business districts of South Africa's largest cities. This tax incentive is meant to stimulate capital investments in buildings within the demarcated zone. Landlords who derive an income from their buildings are eligible to write off 20% of their upgrading costs each year over five years. For new or extended buildings, the incentive can be claimed over a period of 11 years, 20% in the first year and 8 % thereafter.

The eThekweni Urban Development Zone (UDZ), prior to the boundary review, was 668.77 hectares and now it has been increased by 102.21 hectares to 770.98 hectares. The additional areas include:

- a) Portion of Warwick and Greyville; an area that is 22 hectares in extent, which includes a triangular area where the Himalaya House is located and a portion to the south and east of the Greyville racecourse.
- b) Portion of the Upper Congella; an area that is 37.21 hectares in extent, which adjoins the existing boundary from King Dinuzulu Road, extend along Sydney Road until Canberra Road and Gale Place to the south. The boundary runs along midblock parallel to Umbilo road to the West until it meets King Dinuzulu Road to the North and end at Market Road.
- c) The Point Development; an area that is 43 hectares in extent, which adjoins the existing boundary from Bell Street. It is bounded by Bell Street to the North (excluding Ushaka Marine World), Mahatma Gandhi Road to the West, and the Indian Ocean to the east and the harbor mouth to the South.

The eThekweni Municipality welcomes the extension of the scheme to these additional areas as a means of maximizing investment and development in the inner city, and to reverse the displacement of capital from the inner city to other urban areas and the suburbs.

The eThekweni's Urban Development Zone has come a long way since 2004. In 2008 eThekweni convened a national workshop on the UDZ scheme in order to secure support from other cities and to jointly lobby for the extension of the UDZ scheme beyond the 2009 expiry date. As a result, the incentive was extended by another five years to 2014.

Following the promulgation of the eThekweni Municipality's UDZ on the 10th of December 2004 and the extension of the scheme to 2014, the Municipality embarked on a marketing campaign to inform property owners and potential investors about the benefits of the UDZ incentive. Excellent response was received from these campaigns. To date private sector Investment valued at over R1 billion has been committed to Durban's inner-city UDZ in the period from December 2004 to December 2010, contributing positively to the restoration of the city's business and residential stock.

In addition to this, the Municipality has invested over R5 billion in the inner city to improve public infrastructure and to implement flagship projects. Completed public sector projects include; construction of the Warwick inbound and outbound flyovers, Kingspark Sporting Precinct, beachfront upgrade and the inner city people mover bus system.

eThekweni Municipality already regards the investment turn-around in Durban as being indicative of the overall success of the UDZ incentive scheme in the city. Head of eThekweni Municipality's Strategic Projects Unit (SPU), Ms Julie-May Ellingson, said: "The UDZ incentive scheme has proved very successful in Durban. The city has attracted an investment of R1,6 billion since the inception of the scheme. This figure is likely to increase now that the scheme has been extended to the Point, Upper Congella and the Greyville areas. I believe this will be a tremendous boost for our city and one which will give further impetus to the city's regeneration"

The success of the incentive in eThekweni is evidenced by the number of new developments in the Kingsmead office Complex, including the new Standard Bank Regional offices, The Albaraka Bank and the the McCarthy Toyota showrooms. The Poynton House in Monty Naicker Road, the new Mutual Mall and the Colonial Mutual Buildings both in Dr Pixley ka Seme, are amongst the few recently completed upgrades.

Commenting on the boundary extension, Neels Brink of the Durban Point Development Company, said: "The UDZ benefits are particularly relevant to prospective Durban Point Waterfront investors, where there has been renewed demand for office and retail space. In applying the accelerated tax write-offs, landlords will be able to market properties at competitive rentals, particularly since the UDZ benefits are concentrated in a small area of the city".

Overall, the Durban inner city is in a growth trajectory and the extension of UDZ boundaries will serve to ensure that this momentum is not lost, but the benefits spread beyond the core CBD into inner city fringes.

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