

# Catalytic Projects Identification and Assessment

## Introduction

Thank you for submitting a proposal for consideration as a DHS MSP catalytic project.

As the next step in this process, the Department of Human Settlements would like to invite you to describe the submitted project/s in more detail.

To ensure an objective process and in order to expedite and ease the review process, we have developed an assessment tool that includes 2 sections: Form A (factual information) and Form B (descriptive information).

The assessment is based on the core criteria of IMPACT & INTEGRATE as described in the MSP concept document.

The submission must not exceed 20 pages.

Please submit the narrative on or before DATE, TIME, PLACE.

For questions or inquiries on these submission instructions, please contact **NORAH WALKER, DIRECTOR: DEVELOPMENT AND DELIVERY, CITY OF CAPE TOWN, 021 400 9325**

# FORM A

**Name:** Norah Walker  
**Organisation:** City of Cape Town  
**Address:** 25 Hertzog Boulevard, Cape Town 8001  
**City/Province:** Cape Town, Western Cape  
**Telephone number:** 021 400 9325  
**E-mail:** Norah Walker  
**Date of submission:** 2015

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**Name of project:** Voortrekker Integration Zone Social Housing

**Location of project:** Cape Town Metropolitan area

## Summary of project/Overview:

The total number of social housing sites identified, extend beyond just the Voortrekker Road Corridor Integration Zone (VRCIZ). Two of the sites are located within Woodstock, namely: Pine Road and Dillon Lane, which fall within the Metro South East Corridor Integration Zone (MSEIZ) and are located within 3km of Cape Town CBD. The sites within the VRCIZ are Salt River Market to the east and Belhar, Glenhaven to the west. This area is also within the Social Housing Restructuring Zones for the City of Cape Town

These social housing projects target an affordable rental typology serving specific income groups that will contribute towards the betterment of Cape Town's residential stock and towards viable communities, both for the City and household.

The VRCIZ has been identified as a regeneration corridor directly linking the Bellville and Cape Town Central Business Districts. Key spatial elements of the VRCIZ include an efficient multimodal public transport network (road, rail, taxi, bus etc.); the highest number of tertiary institutions in relation to the rest of the City; abundant social facilities and opportunities for latent land use rights to be taken up (reducing turnaround times for proposals in many instances). In addition a significant portion of the City's Urban Development Zone (UDZ) extent is within the VRCIZ.

The initiative aims to redirect investment back into the corridor in order to address market failures, urban management issues and ineffective land use management strategies. These have been factors that have contributed to the flight and migration of corporate industries to the northern parts of the City including Tygervalley and Century City.

The VRCIZ hosts a diverse range of land uses: residential, commercial and social amenities (including tertiary educational precinct) are all present. It provides significant potential and opportunity to explore renewal and rebuilding initiatives that can transform the spatial form and function of the City. By utilising existing infrastructure networks and leveraging the existing and planned public transport networks, transit-oriented development and

integrated settlements where communities are in close proximity to public transport, employment and social amenities can be realised. Social housing where rental accommodation is managed in perpetuity for lower income households is a key part of this regeneration drive.



Map showing location of Social Housing Projects (existing and proposed)



## INTEGRATION CRITERIA: CRITICAL REGIONAL MASS

Total Points 10

### 1. Project details:

a) number of residential units, service stands, land acquisitions to be delivered:

The project has the potential to deliver more than 1620 through 5 sub-projects

b) housing options (ownership, rental/government subsidized, private funding/etc.):

Social housing projects provide rental accommodation only. They target people earning below R7 500pm. 30% of the Units are allocated to people earning below R3 500pm and R70 % to people earning below R7 500pm.

c) typologies (built products: single, multi-storey/detached, semi-detached)

Multi storey buildings (typically walk-ups, but can be greater than 4 storeys, with lifts) will be provided.

d) density (ideally the minimum net density should be 60 du/ha):

The social housing projects apply for the maximum density permissible, with low parking ratios (typically 0 – 0,5) because they are located mainly in transport corridors.

e) coverage and floor area ratios:

The net densities are in the region of 120 du/ha and the coverage 70-80%. The units are on average 30 to 45sqm.

## INTEGRATION CRITERIA: SITE SELECTION INNOVATION/AREA-BASED PLANNING

Total Points 15

**2. Location:** Describe the proposed project site and explain how does the proposed development intend to integrate with the existing government investment (i.e. proximity to or use of existing bulk infrastructure, schools, health centres, parks and other government-funded amenities)? How is the project included in or reflective of the

goals and intentions of local SDF, IDP plans and MTSF targets? How does the proposed project improve the spatial layout of the city/town?

**Overall policy objectives and vision:**

The spatial objective of both the Cape Town Spatial Development Framework (CTSDF) and the Integrated Development Plan (IDP) supports social housing as a means of brownfield development in well located areas of the City and also within the social housing restructuring zones. This form of housing should be led by the City in partnership with Social Housing Institutions (SHI's), the banks and private partnerships.

Social housing as an alternative and preferred approach for well-located brownfield sites aims to address the spatial inefficiencies and distortions the City has been experiencing over the many decades. The projects and sites identified are a starting point for addressing the issues related to inequitable access to opportunities and promoting restructuring of areas around the City.

**Pine Road / Dillon Lane** is strategically located within 3km from Cape Town CBD and is accessible to public transport mainly along Victoria Road which stretches from Cape Town CBD to Muizenberg. In terms of access to social facilities, the Table Bay District Plan considers the sites to be in close proximity to a regional and local civic precinct (Cape Town CBD & Woodstock respectively). In terms of bulk infrastructure, the Woodstock sewerage pump station is running at capacity and experiences issues from time to time due to the steep incline of the area. With regards to water supply, the reticulation network is operating adequately but also aging. The substations in the surrounding areas are operating at full capacity and they would require upgrading/additional supply due to high demand. The Social Housing Institutions were given confirmation of the availability of bulk services during the Planning Stage of each project.

**Saltriver Market** is of a similar nature to Pine Road / Dillon Lane due to its strategic location which is situated approximately 4km from Cape Town CBD. Its surrounding land uses offer employment in the form of commercial and industrial developments. The Table Bay District Plan identifies Saltriver as one of the areas where intensification is supported. In terms of bulk infrastructure, the same assessment of Woodstock would be applicable to Saltriver.

**Belhar Social Housing** – This project is located near to the University of Western Cape (UWC) and Pentech College (CPUT). It is located in close proximity to major public transport routes and to high concentrations of industrial and the Bellville CBD. It will accommodate people earning below R7 500-00 pm and it is currently at construction stage. In terms of social facilities the two sites are in close proximity to the higher order civic precincts of Bellville and Delft CBDs. However the opportunity is noted for the Belhar local node to establish a stronger presence of social facilities through higher density developments.

The **Glenhaven social housing** site is located just north of the Belhar & Pentech sites. Its surrounding land uses are primarily residential in nature with

the industrial (Sacks Circle) south of the site. In terms of bulk infrastructure the area is considered stable across the different utilities.

## **IMPACT CRITERIA: BUILT ENVIRONMENT CAPACITY**

**Total Points 30**

**3. Condition of the current project site:** Describe the current condition of the site physically, spatially, economically and the profile of the existing community.

The Social Housing sites are selected on the basis that they are within the approved Social Housing Restructuring Zones (RZ). The sites (RZ) are selected on the criteria that they will assist the City in achieving social, spatial and economic integration. The aim of these projects is therefore to contribute towards the restructuring.

**4. Stakeholders involved:** Which other stakeholders are involved in the project? Has the approval of the municipality/province been secured? Will the existing and new communities be consulted?

Stakeholders involved in all Social Housing Projects are the City through its land and Institutional Subsidy contribution, the SHRA through its Restructuring Grant contribution, and the Social Housing Institutions through their Equity contribution.

**5. Community engagement:** What community engagement strategy exists to integrate the existing community into the development, including input throughout the project, creation of access to jobs and skills development, promoting home-based and small business enterprises etc.? Will relocation be required of any residents currently living on the site, and if so, how will that be carried out?

The existing and new communities are consulted through public participation associated with the environmental and land use applications. Residents living close to the projects are likely to be interested in applying for them, and will be accommodated in the development if they qualify.

**6. Implementation of the project:**

- a) Outline the project phases, including the estimated timeframe for each phase, such as planning, predevelopment and acquisition, construction and delivery, closeout and marketing. Note the current status of the project within the phases, including site control, municipal reviews and approvals, plans and hiring.

Project Name	Units	Application Submitted Date	Construction Starts	Construction Ends	HSDG Budget* (Estimated)
Pine Road	220	Planning	Jul-16	Jun-17	R 24 200 000
Dillon Lane	64	Planning	Jul-17	Jun-18	R 7 040 000
Glenhaven	416	15-Sep-15	Jun-16	Jun-17	R 46 176 000
Belhar	620	done	Feb-15	Jul-16	R 77 126 093
Salt River	300	Planning	Jun-17	Jun-18	R 70 000 000
<b>TOTAL</b>	<b>1 620</b>				<b>R 224 542 093</b>

- Bulks not included

b) Highlight the development team, including the current and proposed owner/s, and key staff (such as project/financial management, construction supervision, architecture and design, and construction). Summarize development experience, and the extent to which team members have worked together before.

Four of the projects are being implemented by accredited social housing institutions that have a good track record namely, Madulammoho Housing Association, Communicare and SOHCO. The Glenhaven projects is being implemented by an subsidiary of Devmark. The institutions appoint the professional team that will support them and the contractor. City officials oversee the planning and implementation of the projects.

# FORM B

## IMPACT CRITERIA: SUPPLY AND DEMAND

Total Points 25

### 1. Market analysis:

- a) Describe how the project is fulfilling supply and demand in the particular context. Provide a chart or matrix of the project housing options (ownership, rental, other) and sizes (bedroom and/or m<sup>2</sup>), prices or rents, and target incomes for each.

The City of Cape Town has a total population of 1.068 million households. The housing circumstances of these households are indicated below:

	Households	As %
Formal dwellings (owned)	489 000	46%
Formal dwellings (rented)	328 000	31%
Informal settlements	144 000	13%
Backyard shacks	75 000	7%
Hostels	12 000	<1%

Source: Census 2011 with exception of hostels: City of Cape Town Figures

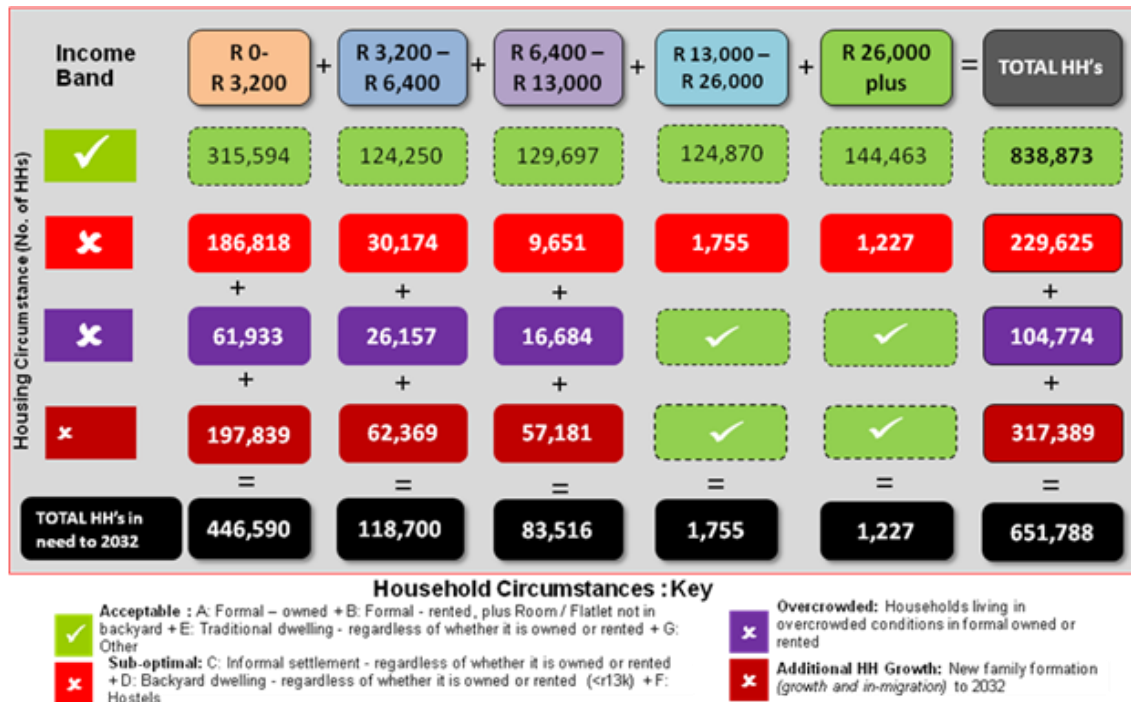
Households in each of these different housing circumstances fall into different income categories as follows:

- 47% fall into the R0 – R3,200 category;
- 14% into the R3,201 – R6,400 category\*;
- 13% into the R6,401 – R13,000 category;
- 12% into the R13,001 – R26,000 category; and
- 14% into the R26,001 plus category.

\* NB: targeted group for social housing



**Figure 1: Households requiring intervention in the City of Cape Town (2011 - 2032)**



Source: Integrated Human Settlement Framework for Cape Town

The targeted households for higher density development in transport corridors and priority nodes are those which fall within the R3,200 to R13,000 per month category. Between 2011 and 2032, nearly 200,000 households which meet these criteria will be unable to realise acceptable household circumstances without some form of government assistance. Affordable apartment unit investment is supported and undertaken by social housing institutions and private developments. Densities of 120/ha is assumed for the lower income category (R3200-6400/pm), and 80/ha for the upper income category (R6400-13000/pm).

**b) How will the demographic and deprivation profile of the area change with the proposed intervention?**

The small scale of the various social housing projects along this fully-established inner-city corridor suggests that the net demographic impact of these projects on the receiving communities will be limited. However, well-targeted social housing developments within the existing urban fabric have the potential to repurpose under-utilised or vacant building stock, stimulate local economic activity and revitalise the surrounding public realm.

The social housing projects under consideration are clustered in two areas, Woodstock and Belhar, which are discussed respectively:

The Woodstock cluster comprises 3 brownfields sites yielding approximately 584 opportunities. The surrounding urban fabric is a vibrant and resilient inner-city area characterised by a high level of social and income mix, high internal permeability and accessibility/connectivity to the metropolitan movement system. Furthermore, the Woodstock-Salt River area combines a significant residential component complemented by 500,000m<sup>2</sup> of industrial floor space, 130,000m<sup>2</sup> of retail floor space and over 180 000m<sup>2</sup> of office space. Based on these figures, it is estimated that there are nearly 30,000 work spaces in this area, excluding home-based and informal jobs. Furthermore, there are high-quality public transport services linking the cluster of social housing sites with Cape Town CBD.

The Belhar cluster comprises of 2 in-fill sites totalling nearly 1036 opportunities, located 4km to the south of Bellville CBD, one of Cape Town's two regional nodes as identified in the Cape Town Spatial Development Framework. The sites are adjacent to established residential and industrial townships, and regional tertiary educational facilities (CPUT and the University of the Western Cape). The adjacent residential areas exhibit a mix of income, with the Belhar site abutting low- to low-medium income residential areas and the university of technology, and the Glenhaven site being located within a medium- to high-income residential area. The cluster is geographically anchored by Sack's Circle Industrial area, a large and established industrial area supporting an estimated 15,000 jobs.

#### **IMPACT CRITERIA: DEMOGRAPHIC/DEPRIVATION PROFILE**

#### **INTEGRATION CRITERIA: SITE SELECTION INNOVATION/PROJECT-LEVEL INNOVATION**

**Total Points 35**

#### **2. Innovative approach:**

- a) Describe what is innovative and catalytic about the project. Has the site been selected with a view to recycling of land, re-appropriation of existing buildings, revitalising an economically distressed area or the innovative siting/location of housing? Will it create a new community, bring new resources/partners to the area, provide significantly new housing opportunities, or fill a spatial gap in the city's layout? How will the project stand out nationally, contribute to national housing objectives or spatial priorities?

The provision of social housing in the Voortrekker Road Corridor is supported by collaboration by a range of incentives, including the Urban Development Zone (UDZ tax incentive managed by National

Department of treasury) and the Public Transport overlay zones (which significantly reduce onerous parking requirements that can materially impact on the financial viability of projects). It is envisaged that the social housing will act as a catalyst for private sector investment in the corridor.

b) How will the project represent best practice in the built environment, spatial planning, financing innovation and community and income integration? What are the selling points that will make this development desirable?

All the targeted housing sites are located in areas which:

- fall within the City's Integration Zone, which provides a strategic focal point for improved intergovernmental coordination supported by the Integrated City Development Grant. This implies that this project – as an instrument to restructure the city's fragmented urban fabric –will be complemented by a series of catalytic investments funded by existing sources of finance. Furthermore, the intensification of these integration zones also ensure the long-term optimisation of the entire urban network, and the gradual realisation of a more compact and inclusive urban spatial form;
- are identified as a major-scale latent mixed income social inclusion area, with a strong rationale for residential intensification in terms of the locational advantages of the area.
- exhibit a high level of income and social mix, and are well-located in terms of local and regional facilities, higher order services and employment opportunities. Not least of which, both clusters are within close proximity to the two most significant regional nodes in the urban region – that is, Cape Town CBD and Bellville CBD respectively;
- are identified for intensification in support of transit oriented development, thus associated with high levels of accessibility and connectivity, and will in turn support the sustainability of public transport systems now and into the future;
- enjoy a range of social facilities, some of whom are under-utilised and will likely benefit from greater local demand.
- are home to a large number of tertiary facilities. There is the potential for a strong nexus of economic activity and job creation, residential development and tertiary education institutions.

Furthermore, the social housing projects use environmentally friendly technologies like heat pumps and solar water heaters etc. and being high density of multi-storey buildings, they are resource efficient.

**IMPACT CRITERIA: ECONOMIC ACTIVITY**  
**INTEGRATE CRITERIA: AREA-BASED PLANNING**  
**Total Points 40**

**3. Socio-Economic activity:** Describe how the project will contribute to the socio-economic growth (commercial, retail, community space etc.) of the area. How will the local economy benefit in a) the conceptualising of the project; b) the implementation, and c) the life of the project? Describe the impact that the project will have with regards to the livelihoods of the new and existing communities. Have local systems of food production been considered?

The smaller scale of the various social housing projects along this fully-established inner-city corridor suggests that the net demographic impact of these projects on the receiving communities will be limited. The contribution to the City of these development sites should not however be underestimated. The creation of pockets of excellence for smaller-scale, rental accommodation initiatives for the communities in Cape Town is integral to the City's Integrated Human Settlement Framework (IHSF) and corporate philosophy captured in the Integrated Development Plan (IDP). Well-targeted social housing developments within an existing urban fabric have the potential to repurpose under-utilised or vacant building stock, stimulate local economic activity and revitalise the surrounding public realm.

Given the recognised potential of the Voortrekker Road Corridor to sustain and create new employment opportunities and other amenities, the introduction of social housing to this area is a suitable instrument by means of which vacant land and infill sites can potentially address the need for affordable housing opportunities.

**4. Financing:**

- a) Provide a development budget, including costs of site acquisition, construction (housing and other), associated services and fees (architecture/engineering, legal, marketing, etc.). Provide the sources of funding, including private loans or equity, government subsidies, and any other financing. What is the status of the funding? How much are committed, applied for, identified, and/or not yet known?

The funding for the Belhar and Glenhaven Social Housing Projects is in place. The others will apply for funding when they are ready for development.

Project Name	Units	HSDG	SHRA	Total project cost
Pine Road	220	R 24 200 000	R 27 500 000	R 51 700 000
Dillon Lane	64	R 7 040 000	R 8 000 000	R 15 040 000
Glenhaven	416	R 46 176 000	R 52 416 000	R 98 592 000
Belhar	620	R 77 126 093	R 77 500 000	R 154 626 093
Salt River	300	R 33 000 000	R 37 000 000	R 70 000 000
<b>TOTAL</b>	<b>1 620</b>	<b>R 187 542 093</b>	<b>R 202 416 000</b>	<b>R 389 958 093</b>

- b) To what extent (percent of total investment) and in what way (mechanisms and tools) will government investment leverage private sector participation? What percentage of the total project budget will the government fund? What percentage will the private sector fund?

The State contributes 60% of the total budget and the Private Sector contributes 40%.

- c) If the project is to be operated after construction (i.e. a rental project), please provide a projected cash flow, including all sources of income (tenants, government subsidies, etc.), and expenses (utilities, maintenance and operations, rates and taxes, etc.). Does the project anticipate a negative cash flow, if so, when and what is the plan for covering the deficit?

Not applicable. The Social Housing Institutions manage all costs and incomes and are responsible for balancing these in a non-profit arrangement. This includes ensuring some surplus is saved for longer term maintenance.