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BEFORE THE INDEPENDENT TRIBUNAL CONSTITUTED BY THE MEC OF CULTURAL AFFAIRS AND SPORT, WESTERN CAPE IN TERMS OF SECTION 49(2) OF THE NATIONAL HERITAGE RESOURCES ACT 1999 (ACT 25 OF 1999)

In re: APPEAL AGAINST THE PROVISIONAL PROTECTION IN TERMS OF SECTION 29(1)(a) OF THE NHRA OF THE AREA KNOWN AS ERF 151832 THE RIVER CLUB, OBSERVATORY, CAPE TOWN

In the appeal of:

CASE NR 1511 2504 WD 1217E

Liesbeek Leisure Property Trust (LLPT)	First Appellant
Department of Environmental Affairs and Development Planning (DEA&DP)	Second Appellant
Department of Transport and Public Works (DT&PW)	Third Appellant
The City of Cape Town (CoCT)	Fourth Appellant
and	
Heritage Western Cape (HWC)	Respondent
and	
Various Interested and Affected Parties	I&AP's

INDEPENDENT APPEAL TRIBUNAL RULING

INDEPENDENT APPEAL TRIBUNAL:

- Mr. Ashraf Mahomed (Chairperson)
- Dr. Piet Claassen (Member)
- Ms. Eureka Barnard (Member)
- Mr. Michael Petersen (Secretariate)

INTRODUCTION

1. This appeal lies in respect of a decision by the Respondent to provisionally protect the area known as Erf 151832 at the River Club, Observatory, Cape Town, measuring almost 15 hectares in extent (the resource), in terms of section 29(1)(a) of the National Heritage Resources Act 25 of 1999 (the NHRA). Section 29 of the NHRA provides for the provisional protection of areas and resources.

2. Located at the foot of Devil's Peak with views of iconic Table Mountain, the land stretches between the banks of the Black and the Liesbeek Rivers and is regarded as a flood plain. The owner of the resource purchased it in 2015 and applied for rezoning from the present designated zoning of 'Open Space 3 (Special Open Space)' to a zoning that would allow intensive development.

3. The area and resource forms part of a multipurpose park, aptly named the Two Rivers Urban Park (TRUP), which extends from the confluence of the Black and Liesbeek Rivers in the north and the N2 /M5 interchange in the south, and contains all of the land between the banks of these two rivers,[1] The TRUP area will be

[1] See *Two Rivers Urban Park Contextual Framework and Phase 1 Environmental Management Plan.*

radically transformed by the proposed development. The almost 15 hectares site which contains the resource has been utilised as a golf driving range for more than 50 years.

4. The area and resource carry immense heritage value for the Indigenous First Nations' people of South Africa. Their narratives and the material to be conserved such as the burial places of their ancestors, which have cultural or historical significance and are sacrosanct, resonated throughout the appeal proceedings as they presented arguments from various perspectives. The area is regarded as sacred and visited regularly. Consequently, they refuse to be silenced and forced into submission, as they were for centuries. In many ways, the area and resource has become the contested site of a struggle, which started generations before in 1510 when the Portuguese arrived in the Cape and continues unabatedly.

5. At the time of hearing this appeal, the area and resource had still not been clearly designated and graded in terms of heritage status. This *lacuna* created fertile ground for an intense contestation between the Appellants wishing to see high density urban development of the area, on the one hand, and the Respondent and the majority of Interested & Affected Parties (I&AP's), which include the surrounding communities represented by their civic associations, wanting to preserve the heritage resource and conserve the surrounding environment in as rustic form as possible, on the other. These tensions were sharply reflected in the submissions' made by the parties in these appeal proceedings.

6. Drawing on the judgment in *SA Heritage Resources Agency v Arniston Hotel Property (Pty) Ltd 2007 (2) SA 461 (C)*, this Independent Appeal Tribunal (the Appeal Tribunal) held previously (on 29 January 2019) that the Respondent's decision-making process in respect of the provisional protection had not afforded the parties affected by the decision, who are protected by the constitutional right to fair administrative action, the right of appearance at the meeting where the decision was taken, particularly in light of the *'maximum period of two years'* in section 29(1)(a) of the NHRA. It made a finding on a very specific ground that the

Respondent had not complied with section 10(2)(c)[2] of the *NHRA*, and the decision-making process was therefore procedurally unfair.

7. In the unique circumstances of this case, mindful of the long duration of the provisional protection and a myriad of traditionally sensitive issues, the Appeal Tribunal exercised its discretion to issue a structural remedy directing the Respondent to respect and fulfil the right of appearance and to submit a report on its compliance with the requirements of section 10 of the *NHRA* and section 3 of the *Promotion of Administrative Justice Act 3 of 2000* (*PAJA*). In other words, the directive afforded the Respondent an opportunity to: -

   7.1. Remedy the procedural defect of failing to implement section 10(2)(c) of the *NHRA*; and

   7.2. Fulfil the statutory mandate of conducting the necessary negotiation and consultation in order to alleviate the threat to conservation and investigate the protection of the heritage resource required by section 29(1)(a)(ii) and (iii) of the *NHRA*.

8. The merits of the appeal, in terms of the cultural significance of the heritage resource, heritage conservation principles, the factors relevant to the decision to provisionally protect the area and resource, the nature of the decision and its reasonableness, the nature of the competing interests involved, and the impact of the decision on the lives and well-being of those affected, were held over for later determination and is accordingly addressed herein.

9. Three government bodies appealed against the invoking of Section 29(1)(a) of the *NHRA*, namely the Department of Environmental Affairs and Development Planning (DEA&DP) (Second Appellant), the Department of Transport and Public Works (DT& PW) (Third Appellant) and the City of Cape Town (CoCT) (Fourth Appellant). The Respondent's Section 49(1) appeals committee rejected their

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[2] Section 10(2)(c) of the *NHRA* states that, *'a person who may be affected by a decision has the right of appearance at such meeting'*

appeals, and all three bodies chose to join the First Appellant (the owner of the resource) in the appeal to this Independent Appeal Tribunal, as provided for in Section 49(2) of the *NHRA*.

10. All the parties were eloquently represented in the appeal hearing. They provided the Appeal Tribunal with helpful submissions, both written and oral, and we are indebted to them.

BACKGROUND

11. This matter has a long and complicated history and a short summary is provided herein in order to place the issues before the Appeal Tribunal within context. In 2011, the City of Cape Town collaborated with the Two Rivers Urban Park Committee, a local Cape Town NGO, to develop the TRUP. The development of this urban park aimed at enhancing the social and economic potential of the area and encouraged intense urban development, which was intended to open up the area for recreational activities, cultural and heritage appreciation, and environmental prosperity.

12. The City of Cape Town issued a document titled *Revitalizing Urban Rivers: The Background* dated 15 December 2011, which referred to the TRUP and the potential negative influence of river canalisation and thoughtless urban development of urban river areas:

> *'The last two decades have seen a shift in attitude and policy with regard to urban rivers in developed and emerging countries around the world. Beginning in the industrial age and continuing for most of the twentieth century, urban river systems were canalized in an attempt to control water flow through cities. Rivers were engineered to adjust their paths, to control flooding and bank erosion, and to improve system drainage. Costly projects were undertaken to adjust nature for the benefit of man. Every benefit of river canalization, however, also came*

Mountain; and

80.3. The development must establish and take into account the narratives, comments and proposals of the Indigenous First Nations' people that regard the area and resource as sacred.

81. Notably, despite the valuable submissions received from the parties, none of the submissions have provided this Appeal Tribunal with a complete understanding of the intricate and complicated heritage value of the TRUP area and resource. Therefore some value may be achieved in allowing parties further interaction that will hopefully lead to a better understanding of the issues, and/or allowing the Respondent to complete its assessment of the conservation aspects and its current investigations into the protection of heritage resources in the TRUP area as well as the resource, in a participatory and collaborative manner.

82. The logical and appropriate way to honourably commemorate and preserve the very high heritage value of the area and resource, will be to continue the process of meaningful negotiations until a solution on conservation and protection measures is found that satisfies the Respondent.

83. It is however not clear from the NHRA precisely what heritage management process must be followed henceforth, since the timeframe associated with the section 29 provisional protection process will soon end on 20 April 2020 and the conservation and protection measures have not been determined and formally agreed upon.

84. It is evident that the matter of establishing principles of conservation and then protecting the resource and the larger TRUP area is far more complicated than perceived at first glance. This is further complicated by the many stakeholders involved who have a real and substantial interest in the area and the resource.

85. Although there have been many efforts to conserve and protect the area and the resource, one of the tangible heritage resources in the area was only recently formally acknowledged by the national heritage resources authority of South Africa.

116.7. On 13 March 2020, the appeal hearing convened with the view to finalising arguments on the merits.

117. It is perhaps lamentable but also understandable that the Respondent could not fulfil the directives issued to facilitate the processes envisaged in section 29(1)(a)(ii) and (iii) of the *NHRA* given the nature and complexity of the tasks. The capacity constraints experienced by the Respondent and its inability to carry out the directives do not concern questions of administrative law relating to the merits of the appeal and are beyond the scope and ambit of this appeal. No specific finding is made in this regard. However, it does undoubtedly impact on the processes and delivery of expected outcomes for purposes of deciding on future issues of conservation and protection of heritage resources, and the development of the TRUP area.

118. In the circumstances, this Appeal Tribunal and the Respondent will soon become *functus officio* when the provisional protection order expires on 20 April 2020. We strongly: -

118.1. Urge the Appellants and the Respondent (albeit in a different role) to complete the processes that are envisaged in section 29(1)(a)(ii) and (iii) of the *NHRA*.

118.2. Recommend that they do so in an participatory and consultative manner that is inclusive and addresses the concerns of the I&AP's, particularly in regard to the protection of the cultural heritage of the Indigenous First Nation's community and the planning concerns of the TRUP Association and Observatory Civic Association, who have gone to great lengths to ensure that their voices are heard by those in authority.

Duration of the Provisional Protection Order

119. The First Appellant invoked the judgment in the *Arniston* case and argued that the Respondent was obliged to determine the duration of the provisional protection

order and its failure to do so rendered the order invalid. In this regard, the Appeal Tribunal was referred to the minutes of the HWC Council, which failed to stipulate the period of the provisional protection order or that was to last for 2 years, and that for this reason the decision was fatally flawed. Further, the notice in the *Provincial Gazette* on 20 April 2018, which recorded the decision to provisionally protect the heritage resource, referred to a maximum period of 2 years but this did not cure the fatal flaw in the HWC Council decision. According to the First Appellant, the 'omission' of the duration in the minutes was therefore reviewable.

120. The question is whether the 'omission' falls foul of *PAJA*. The relevant provisions are those contained in section 3(1) and (2) of *PAJA,* which read as follows:

> *'3. Procedurally fair administrative action affecting any person*
> *(1) Administrative action which materially and adversely affects the rights or legitimate expectations of any person must be procedurally fair.*
> *(2) (a) A fair administrative procedure depends on the circumstances of each case.*
> *(b) In order to give effect to the right to procedurally fair administrative action, an administrator, subject to subsection (4), must give a person referred to in subsection (1)-*
>
> *(i) adequate notice of the nature and purpose of the proposed administrative action;*
> *(ii) a reasonable opportunity to make representations;*
> *(iii) a clear statement of the administrative action;*
> *(iv) adequate notice of any right of review or internal appeal, where applicable; and*
> *(v) adequate notice of the right to request reasons in terms of section 5.'*

121. Since section 3(2)(a) of *PAJA* provides that, '*a fair administrative procedure depends on the circumstances of each case*' (own emphasis), in assessing the First Appellant's case and this submission it is necessary to review the

circumstances of this particular case by considering the HWC Council minutes and the notice to the owner of the resource in terms of section 29(4) of the *NHRA*:

HWC Council Minutes and the Resolution

121.1. The relevant part of the HWC Council minutes of 14 March 2018 records the resolution as follows:

> *'Council endorses the proposal that Erf 15183 known as the River Club Observatory should be provisionally protected under section 29 of the NHRA in order to further understand its heritage significance and provide a formal grading to the site.'*

121.2. While no mention was made of the duration of the provisional protection order in the HWC Council minutes and resolution, there is nothing in the *NHRA* to suggest that the Respondent was required to determine the duration at that stage. The minutes and council resolution do not constitute a formality in terms of the requirements in the *NHRA*.

121.3. Mindful that the *NHRA* does not give the owner of the resource a hearing prior to a decision being taken to provisionally protect a heritage resource, the resolution *sans* the determination of the duration at that stage did not strictly constitute *'administrative action'* within the meaning thereof under *PAJA* as it did not materially and adversely affect the rights or legitimate expectations of any person.

121.4. Furthermore, it is reasonable to infer that the HWC Council, not knowing the scope and ambit of the work required at that stage (on 14 March 2018), could not determine the duration of the order on the basis of the information before it and that it afforded the Respondent and its CEO as the implementer with the necessary

agency, this prerogative and thereby the full benefit of the maximum period (of 2 years) to decide how to implement the resolution.

121.5. The Appeal Tribunal therefore finds the facts and circumstances of the *Arniston* case are distinguishable from these circumstances (for the reasons outlined herein) and this submission to be unmeritorious. It is accordingly dismissed.

Notice in terms of Section 29(4) of the NHRA

121.6. Once the Respondent decided to invoke section 29(1)(a)(ii) and (iii) of the *NHRA*, it undertook a wide mandate to negotiate and consult as well as investigate.

121.7. The letter dated 28 March 2018, in which the Respondent gave the First Appellant notification in terms of section 29(4) of the *NHRA* manifested the decision to provisionally protect the resource. The relevant part of the letter reads:

> *'This letter therefore serves as a notice in terms of section 29(4) of the NHRA informing you of HWC's intention to provisionally protect the site in terms of section 29 of the NHRA. Please note that the site shall be deemed to be provisionally protected for 30 days from the date of service of this notice or until the notice is withdrawn or the resource is provisionally protected by notice in the Provincial Gazette, whichever is the shorter period.'*

121.8. The reference in the notice to the deeming provision in terms of section 29(5) of the *NHRA* suggests that the Respondent sought to emphasise the provisional protection applies *'for 30 days from the date of service of this notice'*. The Respondent had indeed

determined the minimum duration of the protection in the notice and this was sufficient for it to comply with section 3 of *PAJA*.

121.9. Furthermore, the *Provincial Gazette* on 20 April 2018 determined the maximum duration of 2 years for the provisional protection order.

121.10. In the result, the Appeal Tribunal finds this submission unmeritorious and it is accordingly dismissed.

Section 38 of the NHRA

122. There is no merit in the submission that section 38 of the *NHRA* bars the Respondent from deciding to provisionally protect the area and resource in terms of Section 29 of the *NHRA*, and that a 'parallel' process amounts to fruitless and wasteful expenditure due to the duplication of functions.

123. In this regard, consideration should be given to the following important factors:

123.1. The Second Appellant, as the competent authority for environmental impact assessment[10] spearheaded a process in terms of section 38 of the *NHRA* in which the Respondent's role changed from being a consenting authority to a commenting authority.

123.2. The Second, Third and Fourth Appellants all agreed that the development should go ahead, and that the Respondent was in a position to give input under Section 38 of the *NHRA*. This process culminated on 14 February 2020 with the comment by the Respondent's IACOM.

123.3. In view of the tensions between the parties, the lack of cooperative governance and complexity of the issues involved (some of which are

[10] It is generally understood that the environment impact assessment involves a substantial enquiry into the social, ecological and economic sustainability of the proposed development.

highlighted herein), the Respondent and various I&AP's have cast serious doubt on whether the section 38 process will ensure the conservation and protection of the heritage resources under threat. Nevertheless, this avenue remains open to the parties.

123.4. The parties may engage in the public participation processes relating to the environmental and town planning schemes. Each has its own system that is regulated by a different set of legislation and regulations. These two systems, which fall outside the ambit of these appeal proceedings, should also allow issues relating to the conservation and protection of heritage resources and the concerns of the civic associations not wanting large urban development near to where they live, to be ventilated.

123.5. After the provisional protection order expires on 20 April 2020, it is conceivable that the Respondent and the I&AP's will engage with the section 38 process and, if that fails, they may pursue an application to declare the TRUP area as a provincial (see section 27(1) and (2) of the *NHRA)* or national (see section 27(5) and 27(8) of the *NHRA)* heritage site.

FINDINGS

124. This Appeal Tribunal finds that the area and resource require provisional protection, and that this will facilitate a better understanding of the heritage issues.

125. The procedures set by the *NHRA*, which the Respondent followed, may have contained a flaw but this was remedied on 24 May 2019 pursuant to the directive issued on 29 January 2019. It does not invalidate the decision to provisionally protect the heritage resource.

126. Having regard to the merits and the circumstances of this case, all the grounds of appeal are dismissed. The administrative challenges are unmeritorious and lacking evidence of arbitrariness and irrationality. The rationale and reasons for the Respondents decisions and processes are rational, reasonable and legally

sound. There was no ulterior purpose, *mala fides*, failure to apply the mind, consideration of irrelevant factors or disregard of relevant factors, vagueness or unreasonableness in the decisions and processes of the Respondent leading up to and including the provisional protection order.

127. The Respondent has not acted *ultra vires* the *NHRA,* in the sense that it has not exercised any powers or performed functions beyond that conferred upon it by law. This Appeal Tribunal will therefore not substitute its opinion of the best means of effecting the stated purpose in the *NHRA*, which is enabling and actively promotes the interests of communities and groups that were marginalized under colonialism and apartheid.

128. There are significant tensions between the Second, Third and Fourth Appellants and the Respondent (all being government bodies), which is suggestive of a profound lack of cooperative governance, as well as tensions involving traditionally sensitive issues affecting the I&AP's specifically relating to the cultural significance of the heritage resource and those affecting the civic associations, that do not bode well for any future development of the TRUP area.

129. On reflection, there is merit in pursuing a structured and formal mediation of the disputes, which will only continue to bedevil and hamstring heritage conservation and sustainable development, if left unresolved.

RULING

130. Having read the voluminous papers of record and having heard the submissions of the Appellants, the Respondent and all the I&AP's that have appeared variously at the numerous hearings, the following ruling is made in terms of sections 29 and 49(3) of the *NHRA*:

> *The Respondent's decision to provisionally protect the resource (which allows for a maximum period of two years) in terms of section*

29 of the NHRA is upheld and shall remain in force. The appeal is therefore dismissed.

INDEPENDENT APPEAL TRIBUNAL

Ashraf Mahomed
(Chairperson)
14 April 2020

Concurred by:
Eureka Barnard and Piet Claassen
(Members of the Appeal Tribunal)

For the First Appellant:

Nicholas Smith Attorneys

For the Second Appellant:

Mr. Z Toefy

For the Third Appellant:

Mr. G Gerber

Mr. C Alexander

For the Fourth Appellant:

Kantor Legal Services CC

Ms. A Mohamed

For the Respondent:

- Ms. P Meyer
- Mr. M Dlamuka - CEO

Interested & Affected Parties/Objectors:

- Mr. T Jenkins obo Goringhaicona Khoi Khoi Indigenous Traditional Council (GKKTIC)
- Ms. T Valensky
- Mr. F Julies
- Mr. J Esau
- Mr. K King
- Mr. E Stephens
- Chief H Van Wyk
- Chief Z Khoisan
- Bi'd J Abrahams
- Mr. M Turok obo TRUP Association
- Prof L London obo Observatory Civic Association
- Mr. V Van Breda
- Adv W Erasmus
- Mr. S Van der Spuy
- Chief M Arendse
- Kaptein JC Wibooi
- Mr. P Windvogel
- Chief Krotoa Smith
- Chief Dalibuhle
- Mr. K Visser
- Mr. D Bolton
- Chief M Kreder
- Prince J Titus
- Dr. G Fick
- Mr. J Windvogel
- Mr. B Van Sitters
- Mr. K Geslin
- Chief Outso Mai
- Mr. L Adendorff obo ANC
- Mr. CG Linderoth
- Chief M Fortuin

- Mr. C Snelling
- Ms. B Moss
- Ms. R Abrahams
- Mr. KS Saralina
- Mr. JG Damons
- Mr. J Huber
- Ms. J Poking
- Mr. B Mars
- Paramount Chief M Fredericks
- Mr. K Adonis
- Ms P Lemmetjies
- Ms. L Williamson
- Mr. T Bukiwe
- Ms P Adams
- Mr. J West
- Mr. M Southgate
- Mr. D McLaurie
- Ms. F Taylor
- Ms S Schumann
- Dr. J Bam
- Mr. Q Charles
- Mr. J Jackson
- Mr. E Angler
- Mr. C Foutem
- Mr. K Smith
- Mr. P Agulhas
- Ms. F September
- Ms. L Lindberg
- Mr. A Barnes
- Ms. L Mahopo
- Ms. M Bester
- *And others who have not been mentioned herein*

ANNEXURE A

REF: Case ID: 70396369

In this annexure, unless the context indicates otherwise:
"approval" means an approval in writing by the authorised functionary;
"By-law" means the City of Cape Town Municipal Planning By-Law, 2015;
"City" means the City of Cape Town;
"Development Management Scheme" has the meaning assigned in the By-Law;
"item" refers to the relevant item in the Development Management Scheme;
"owner" means the owner of the property as defined in the By-Law; and
"property" means **Erf 151832, 6 Liesbeek Parkway Observatory**.

REZONING GRANTED IN TERMS OF SECTION 98(b) OF THE BY-LAW

1 The property is rezoned from Open Space Zoning 3: Special Open Space to a Subdivisional Area (i.e. general business and open space zones).

APPROVAL GRANTED IN TERMS OF SECTION 98(b) OF THE BY-LAW

2 Approval is granted in terms of item 126 of the Development Management Scheme to enable retaining structures to be constructed to a maximum height of 5.7m for Precinct 1 and 5.9m for Precinct 2 each above existing ground level in lieu of 2.0m above existing ground level.

DEVIATIONS GRANTED

3 Deviation from the Table Bay District Plan is granted to permit urban development on land designated as "open space", "core 2" and "buffer 1".

4 Deviation from the Floodplain and River Corridor Management Policy (2009) is granted to permit development / obstruction of the free flow of water within the 20-year and 50-year floodplain and to allow in-filling below the 1:50 year floodline.

5 Deviation from the annexure table to the Management of Urban Stormwater Impacts Policy (2009) is granted in respect of the following requirements:

5.1 up to 10-year recurrence interval peak flow to be reduced to pre-development level; and

5.2 up to 50-year recurrence interval peak flow to be reduced to existing development levels.

CONDITIONS IMPOSED IN TERMS OF SECTION 100 OF THE BY-LAW

The above approvals are subject to the following conditions.

Precincts

6 The property shall accommodate two precincts (Precinct 1 and Precinct 2) as shown on Appendix 1 to these conditions, comprising areas designated for General Business purposes and the combined floor space of the two precincts may not exceed 150 000m².

7 Precinct 1 shall not exceed a floor space of 60 000m² and Precinct 2 shall not exceed a floor space of 90 000m².

8 The maximum height in the GB7 zone shall not exceed 44.7m above base level.

9 The owner/developer shall submit a **subdivision plan** giving effect to the precincts referred to in paragraphs 6 – 8 above which must –

- 9.1 accompany the Site Development Plan submissions;
- 9.2 be generally in accordance with the indicative subdivision plan attached as Appendix 2 to these conditions;
- 9.3 clearly identify:
  - 9.3.1 cadastral boundaries of the property and each portion;
  - 9.3.2 the extent of each portion;
  - 9.3.3 the zoning of each portion including the sub-zoning as approved herein;
  - 9.3.4 servitude rights of way registered in favour of the public; and
  - 9.3.5 services.

10 The subdivision plan shall show the subdivision of the property into at least three portions, in accordance with appendix 2. One portion shall be zoned Open Space Zoning 3: Special Open Space the extent of which shall be as shown on Appendix 1 and must be a minimum of 49 835 m².

11 Portion 3 shall be subject to a servitude in favour of the public that provides a right of reasonable access to the public. The servitude shall be to the approval of the authorised official (Development Management) and shall be registered against the subject property's title deed.

12 A servitude right of way to permit the public access across internal private roads shall be registered prior to the first occupancy to the satisfaction of the authorised official.

Site Development Plan

13 Prior to the approval of a building plan for the development of any precinct or portion, the owner/developer shall submit a **Site Development Plan (SDP)** for the property as well as an SDP for the relevant phase of development for approval by the authorised official.

14 The SDP(s) mentioned in condition 13 above shall address the recommendations of the HIA, EIA, and principles established in the Urban

Design Study, Visual Impact Assessment, Hydrology Study to the approval of the authorised official (Development Management).

15 The **SDP for the property** shall furthermore, include –

15.1 the precincts mentioned in condition 6;
15.2 phasing of the development across the site;
15.3 vehicular movement and access arrangements;
15.4 open space system;
15.5 non-motorised transport movement and linkages to non-motorised transport routes external to the development
15.6 areas of historic significance with specific regard to areas on the property where the history of the property will be commemorated;
15.7 public and private spaces;
15.8 open spaces with associated linkages external to the development;
15.9 edges of the site; and
15.10 transport routes.

16 Prior to the approval of a building plan in any portion or phase, a **detailed SDP** shall be submitted to the authorised official for such portion or phase, to the approval of the authorised official.

17 The detailed SDP referred to in condition 16 above shall include:

17.1 floor space per precinct;
17.2 land use mix;
17.3 built form;
17.4 appropriately located bulk;
17.5 hierarchy of open spaces;
17.6 foreground and background buildings;
17.7 road / built form interfaces;
17.8 any boundary treatments;
17.9 number of parking bays;
17.10 gateway buildings;
17.11 landscaping interventions;
17.12 non-motorised transport;
17.13 maximum building heights measured from base level;
17.14 design of east/west pedestrian access into the retail component;
17.15 the intensification of heights and massing (Precinct 2) should be concentrated along Berkley Road;
17.16 the relationship of Building Heights to the SA Astronomical Observatory on the eastern portion of the property;
17.17 public, semi-public and private spaces;
17.18 interface of development with public realm having specific regard to the Urban Design Policy;
17.19 location of public transport stops; and
17.20 buffer width along each river and riparian landscape.

18 All detailed SDPs shall be accompanied by a bulk register (floor space) showing the residual bulk and detailing:

18.1 floor space per land use utilised within each Precinct and SDP and residual bulk (floor space); and
18.2 overall floor space utilised for the property and residual bulk.

19 the base level indicated for buildings and structures shown on each SDP shall accord with that indicated in Appendix 3 to these conditions.

Heritage commemoration

20 To commemorate the heritage significance of the site, on Portion 3, the owner/developer shall incorporate at least the following heritage commemoration features:
- 20.1 an indigenous garden;
- 20.2 a cultural, heritage and media centre for the First Nations;
- 20.3 a heritage-eco trail;
- 20.4 a garden amphitheatre for use by both the First Nations and the public;
- 20.5 symbols central to the First Nations narrative; and
- 20.6 naming of internal roads inspired by the First Nations narrative.

21 In respect of each of these heritage commemoration features, the owner/developer shall invite and consider representations from at least the First Nations Collective as represented by the Gorinhaiqua Cultural Council, and the Gorringaichona Traditional Khoi Khoi Council. The developer shall invite and consider such representations before submission of the relevant detailed landscape plan and/or building plan for each feature.

Affordable housing

22 At least 20% of the residential floor space shall be set aside for affordable housing, as defined in the MSDF.

23 The provision of affordable housing shall be interspersed with the open market dwelling units and other activities.

24 Prior to the approval of building plans, the owner/developer shall submit an implementation plan for the affordable housing to the City.

25 The affordable housing units shall be indicated on the SDP prior to building plan submission for the residential components.

Owners' Association

26 The owner/developer shall establish an Owners' Association, as provided for in the By-Law, to be responsible for, among other things, the maintenance and management of the private roads and private open spaces.

Landscape plans

27 A **master landscape plan** for the property, drafted by a suitably qualified landscape architect, shall be included in the Site Development Plan referred to above.

28 The master landscape plan shall conform to the guidelines and principles in the landscape guidelines which accompanied this application and shall be generally in accordance with the landscape concept plan submitted.

29 The master landscape plan shall include the following details:

29.1 planting (terrestrial and riverine) among others that may be removed, retained, transplanted and new planting;
29.2 the provision of buffer areas along the river/canal edges;
29.3 servitude rights of way;
29.4 hard and soft landscaping;
29.5 areas of historic significance and the commemoration of the heritage and history of the site;
29.6 street furniture;
29.7 lighting and light fixtures across the site;
29.8 provision of attenuation measures (including vegetated swales, bioretention areas, source control, etc.) which shall have regard to the stormwater flood management plan referred to below;
29.9 non-motorised transport routes comprising pedestrian and cycle paths, among others and links to existing non-motorised transport routes and networks;
29.10 a plan for the phased landscaping of the site; and
29.11 flood attenuation measures.

30 The master landscape plan shall be to the approval of the authorised official.

31 A **detailed landscape plan** for each portion / phase shall accompany each detailed SDP for the corresponding portion / phase which shall be generally in accordance with the master landscape plan and shall be to the approval of the authorised official, indicating, including among others:
31.1 hard and soft landscaping;
31.2 ecological areas;
31.3 space of active play;
31.4 heritage spaces; and
31.5 the open spaces of the development area shall have regard to the City of Cape Town's open space network with regard to the streets and pedestrian walkways.

32 The owner/developer shall be responsible for implementation and associated costs of landscaping in accordance with the approved master landscape plan and subsequent detailed landscape plans.

33 With respect to the development site as defined in the Environmental Authorisation, the Owners' Association shall ensure the maintenance and upkeep of:
33.1 the riverine habitat in respect of the western Liesbeek channel once it has been transformed into a swale, to the satisfaction of the authorised official in consultation with the relevant Department;
33.2 portions of the Liesbeek River canal that have been decanalised, to the satisfaction of the authorised official in consultation with the relevant Department;
33.3 all land zoned for Open Space Zoning 3: Special Open Space on the property; and
33.4 private roads.

Construction Environmental Management Plan

34 The owner/developer shall submit a Construction Environmental Management Plan, which shall include measures to protect habitats during the construction phase of the development, for approval by the authorised official prior to commencement of construction.

Catchment and Stormwater Management

35 All habitable spaces shall be located above the 1:100 year floodline in accordance with the applicable City policies.

36 Prior to building plan approval, the owner/developer shall submit an SDP referred to in condition 13 above which shall be accompanied by a Stormwater Management Plan (which shall include the river corridor management plan) for the approval of the authorised official after consultation with the Director: Catchment Stormwater and River Management.

37 The owner/developer shall, at their own cost, implement the necessary measures to safeguard properties affected by flood level rise because of the development and to mitigate the impacts of flooding, as set out in the approved Stormwater Management Plan.

38 A report drafted by a registered engineer shall accompany each SDP submission and shall demonstrate that all proposed structures on the relevant SDP area can withstand the forces and effects of floodwaters.

39 The implementation of flood attenuation measures for the development shall be as proposed in the Hydrology Study submitted with the application or any revision or amendment thereof and shall be for the account of the owner/developer.

Environmental management

40 Prior to building plan approval, the owner/developer shall provide a detailed river corridor management plan in respect of the development site as defined in the Environmental Authorisation, to the approval of the authorised official after consultation with Catchment Stormwater and River Management.

41 The detailed river corridor management plan (defined as the development site in the Environmental Authorisation) shall show measures to enhance water quality and restoration of water flows to the decanalised Liesbeek River, in addition to the management of the quality of the stormwater discharging into the Liesbeek River to the approval of the authorised official after consultation with Catchment Stormwater and River Management.

42 The proposed upgrade of the Liesbeek River Canal on the eastern side of the property shall be subject to a detailed Construction and Operational Environmental Management Plan which shall accompany the SDP and including plans, elevations and sections for the design and management of the future rehabilitated environment to the satisfaction and approval of the

authorised official after consultation with the Director: Catchment Stormwater and River Management.

43 A servitude protecting the floodplain and/or ecological buffer in Portion 3 and in the western portions of Portions 1 and 2 from alteration or obstruction shall be registered in favour of the City by the developer at its own cost. The conditions of servitude must be registered within a year of completion of the development and must allow the City maintenance access where required.

44 Any implementation measures required in respect of the river corridor management plan shall be for the account of the owner/developer.

Engineering Services

45 The maximum permissible floors space/GLA in terms of the proposal shall be restricted to:

45.1 59,600 m² of office space;
45.2 31,900 m² of residential space;
45.3 20,700 m² of retail space;
45.4 10,000 m² for a place of instruction;
45.5 9,200 m² of restaurant space;
45.6 8,200 m² for a hotel;
45.7 4,100 m² for a gymnasium;
45.8 4,100 m² for ancillary uses;
45.9 1,200 m² of conference space; and
45.10 1,000 m² for an events pavilion.

46 The owner/developer shall be responsible for the payment of a **development charge** in the amount of **R73 612 448.06,** toward the provision of bulk engineering services which shall be paid prior to the first building plan approval.

47 Notwithstanding the above amount, the development charge figure shall be revised by the City, in accordance with City policies, should there be a change in the land use mix that was used to calculate the figure.

48 The development charge is subject to an annual escalation equal to the construction price adjustment (CPA) from civil engineering services, and the amount payable shall be the amount calculated at the time that the infrastructure is implemented or the development contribution is paid.

49 The owner/developer shall enter into a Services Agreement for the installation of bulk municipal services with relevant services departments including external roads and transport by the authorised official (Director: Transport or any other relevant department), which may provide for the cost of those services to be offset against the relevant component of the development charge.

50 The owner/developer shall, at its own cost, implement the proposed road infrastructure improvements to the approval of the authorised official, which shall include certain intersections, as recommended in the TIA submitted with the application, and two lanes of the Berkley Road extension from the current terminus of Berkley Road up to Liesbeek Parkway and Malta Road. The Malta /

Berkley / Liesbeek intersection must be designed in accordance with option 2 indicated in the TIA, unless otherwise approved by the authorised official.

51 Should the cost of the bulk engineering services with respect to external Roads and Transport exceed the development charge components for Roads and Transport infrastructure, such cost shall be for the developer/owner's account and shall not be offset against the development charges for other engineering services.

52 The upgrade to roads and related infrastructure shall be to the approval of the authorised official after consultation with the Director: Asset Management and Maintenance (Roads and Transport Planning).

53 The owner/developer must, at her/his cost, upgrade bulk engineering services which shall include the provision of internal engineering services and link engineering services, to the approval of the delegated official after consultation with the Director: Asset Management and Maintenance and any other relevant departments. Where applicable, no transfer of ownership of an erf within a phase may occur before the installation and functioning of all services and/or implementation of external infrastructure upgrades required for that phase.

54 Before the approval of any building plan, the owner/developer shall submit a plan which includes the timing of the implementation of improvements to Liesbeek Parkway to prevent flooding of Liesbeek Parkway. The implementation of such plan shall be at the developer/owner's cost and to the approval of the Director: Asset Management and Maintenance (Road Infrastructure and Management) and Director: Transport Forward Planning (Transport Planning).

55 Prior to the approval of any building plan, the owner/developer shall at his/her cost submit **detailed civil engineering plans for the road upgrades** to the approval of the authorised official (Director Transport (Roads Infrastructure & Management)). The implementation of such upgrades shall be to the approval of Director Transport (Roads Infrastructure & Management).

56 The owner/developer shall be responsible for the reinstatement of any damaged municipal infrastructure as directed and to the satisfaction of the relevant authorised official.

NOTES

a. The rehabilitation of the adjacent canalised section of the eastern Liesbeek River must accord with the Environmental Authorisation.
b. Any reference to precinct plan in these conditions must be read to mean generally in accordance with Appendix 1 to these conditions.
c. The conditions of subdivision will regulate engineering services not dealt with in these conditions.

Appendix 1

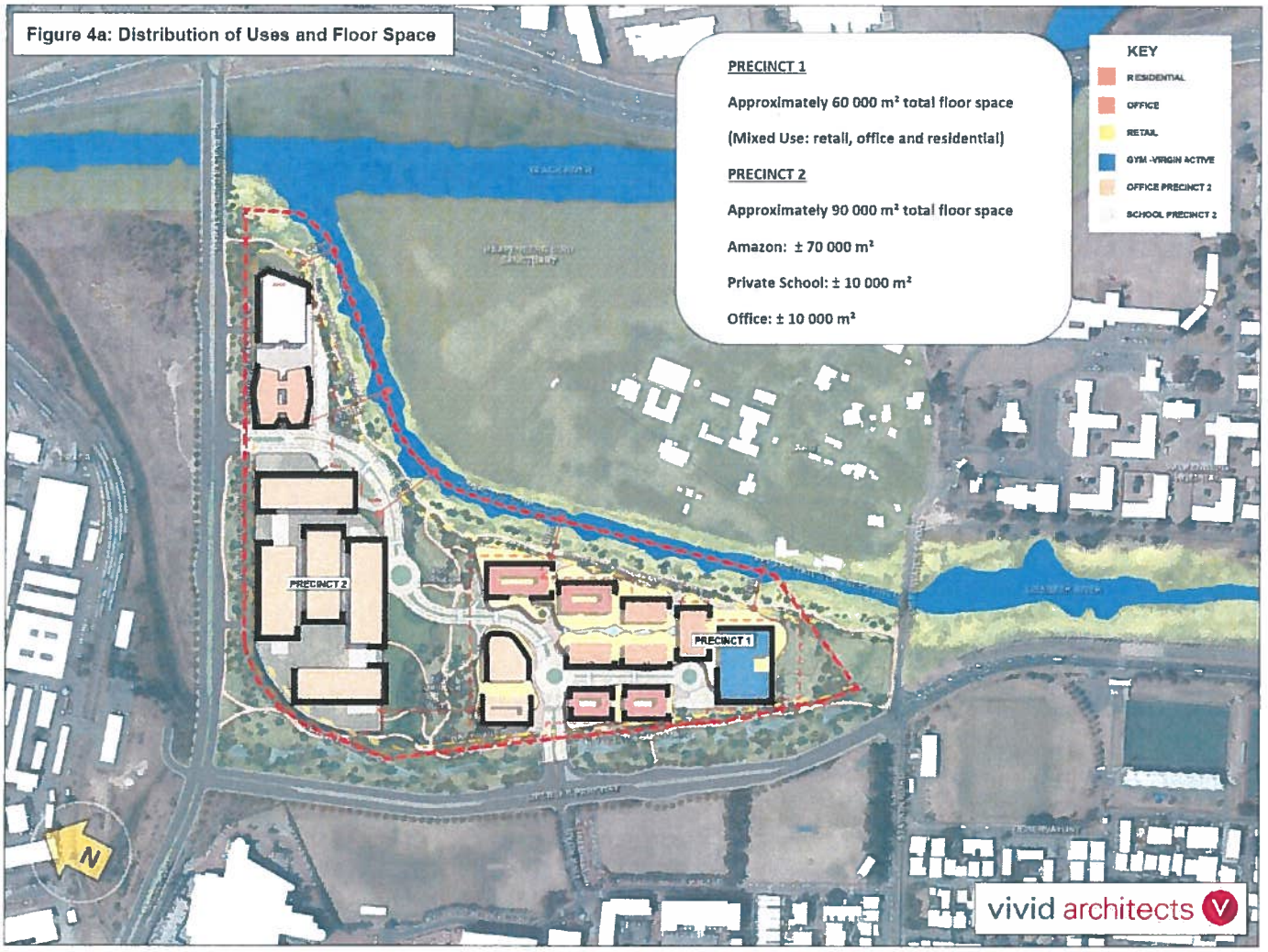
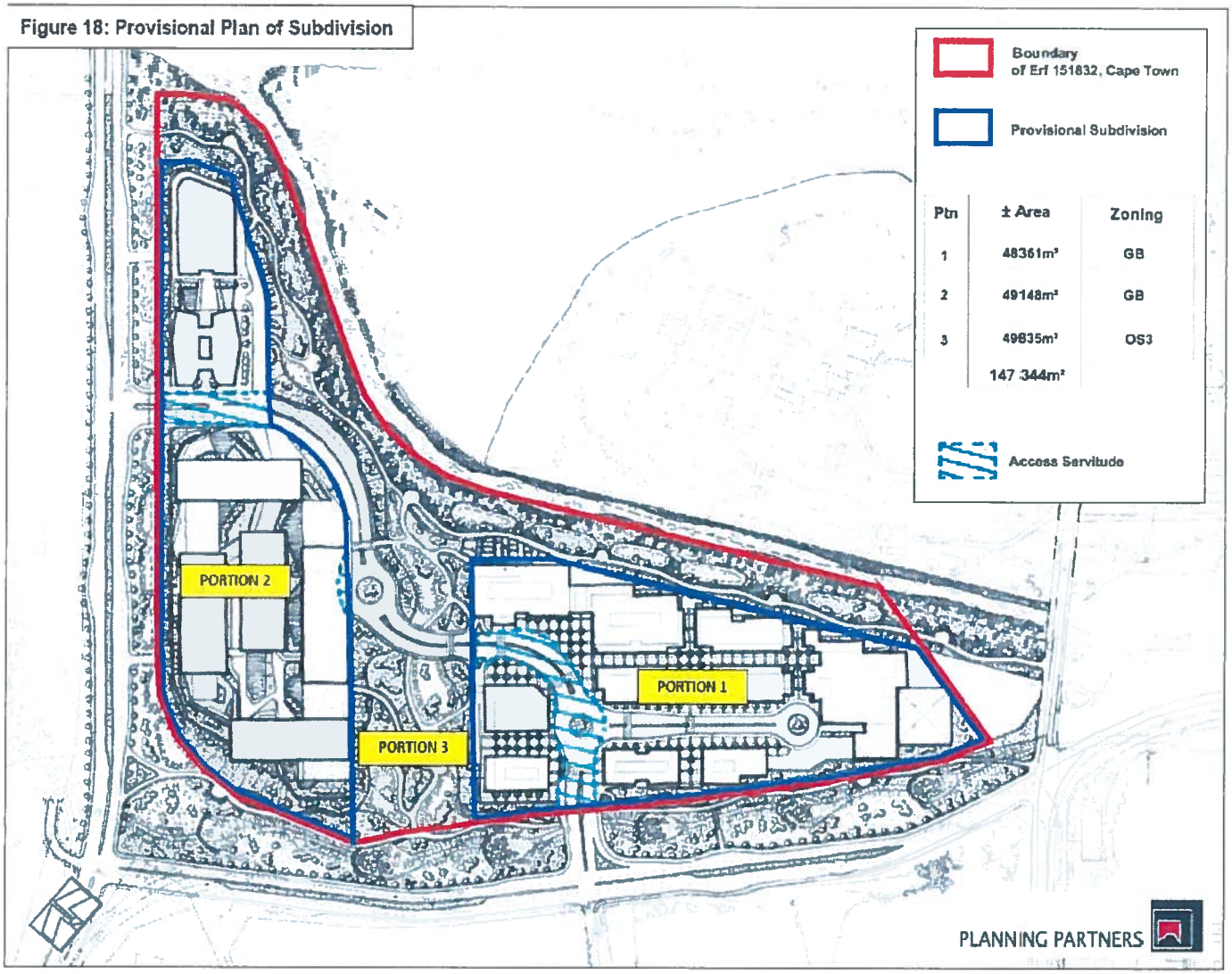
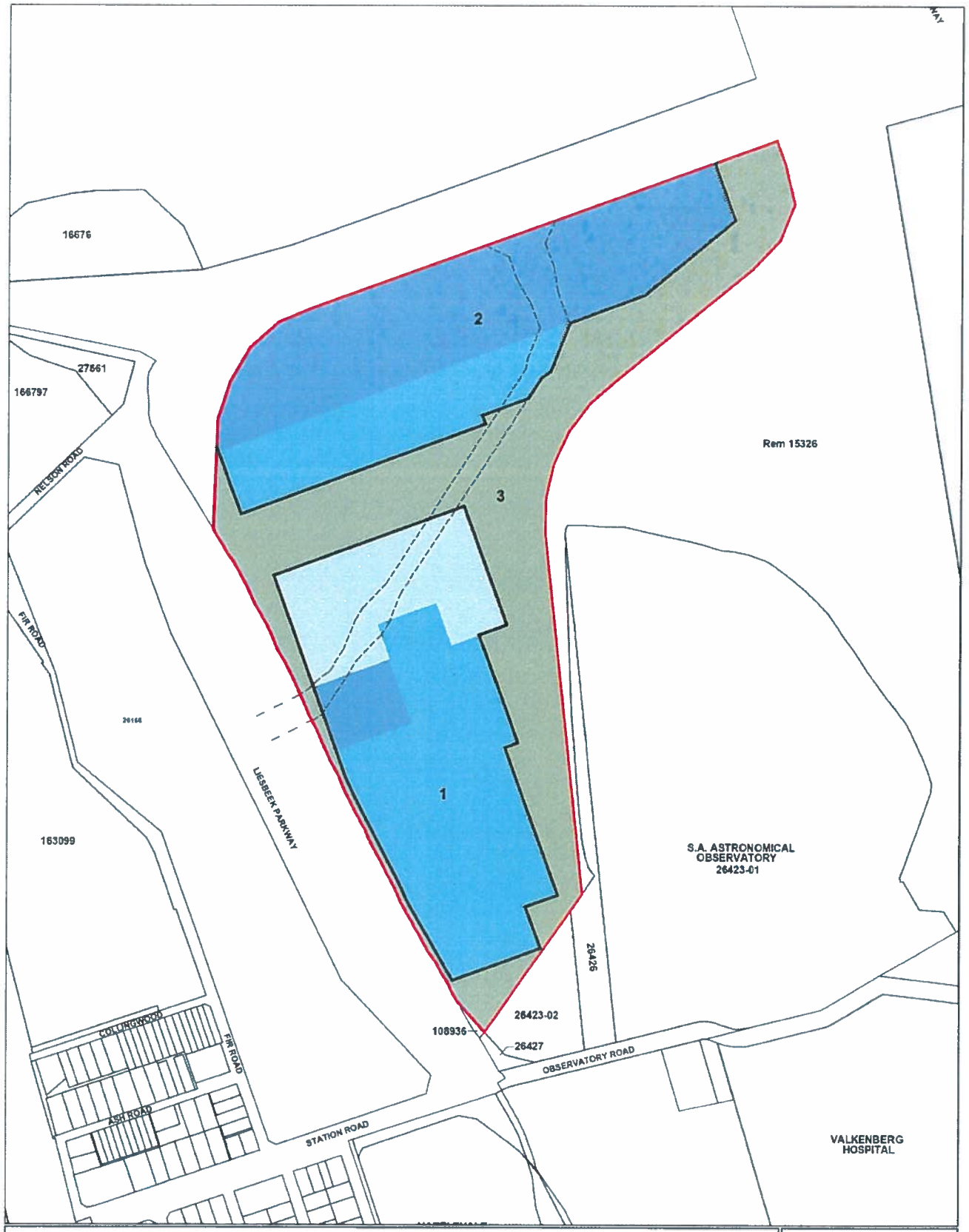


Figure 4a: Distribution of Uses and Floor Space
PRECINCT 1
Approximately 60 000 m² total floor space
(Mixed Use: retail, office and residential)
PRECINCT 2
Approximately 90 000 m² total floor space
Amazon: ± 70 000 m²
Private School: ± 10 000 m²
Office: ± 10 000 m²
KEY
RESIDENTIAL
OFFICE
RETAIL
GYM -VIRGIN ACTIVE
OFFICE PRECINCT 2
SCHOOL PRECINCT 2
PRECINCT 2
PRECINCT 1
N
vivid architects

Appendix 2

Figure 18: Provisional Plan of Subdivision





Portion No.	Proposed Zoning
1	General Business 3 General Business 6 General Business 7
2	General Business 6 General Business 7
3	Open Space 3

ERF 151832 CAPE TOWN

PRIVATE ROAD (Servitude as required)

NOTES:

1. AREAS & DIMENSIONS ARE APPROXIMATE

RIVER CLUB OBSERVATORY

INDICATIVE INTERNAL BLOCK SUBDIVISION AND ZONING

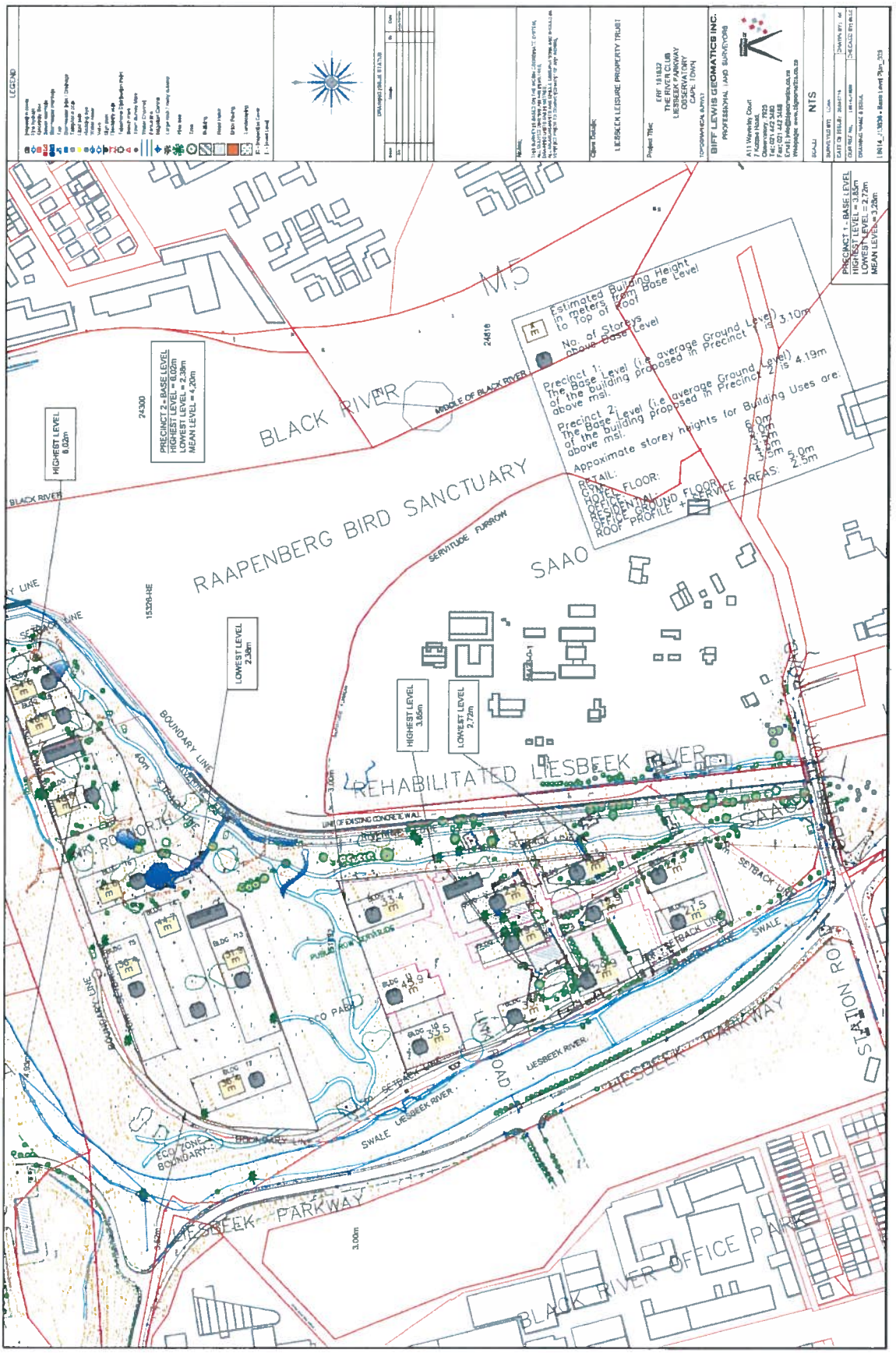
SCALE 1 : 4000

PLANNING PARTNERS

JUNE 2018

Figure 62

Appendix 3


M5
BLACK RIVER
RAAPENBERG BIRD SANCTUARY
SAAO
REHABILITATED LIESBEEK RIVER
LIESBEEK PARKWAY
BLACK RIVER OFFICE PARK
STATION ROAD
SWALE
SETBACK LINE
BOUNDARY LINE
ECO ZONE BOUNDARY
PUBLIC ROAD
ECO PARK
SERVITUDE FURROW
HIGHEST LEVEL 6.02m
LOWEST LEVEL 2.30m
HIGHEST LEVEL 3.85m
LOWEST LEVEL 2.72m
PRECINCT 2 - BASE LEVEL
HIGHEST LEVEL = 6.02m
LOWEST LEVEL = 2.30m
MEAN LEVEL = 4.20m
PRECINCT 1 - BASE LEVEL
HIGHEST LEVEL = 3.85m
LOWEST LEVEL = 2.72m
MEAN LEVEL = 3.28m
Estimated Building Height in meters from Base Level to Top of Roof
No. of Storeys above Base Level
Precinct 1: The Base Level (i.e average Ground Level) of the building proposed in Precinct 1 is 3.10m above msl.
Precinct 2: The Base Level (i.e average Ground Level) of the building proposed in Precinct 2 is 4.19m above msl.
Approximate storey heights for Building Uses are.
RETAIL:
HOTEL FLOOR:
HOTEL:
OFFICE:
RESIDENTIAL:
OFFICE GROUND FLOOR
ROOF PROFILE + SERVICE AREAS:
BIFF LEWIS GEOMATICS INC.
PROFESSIONAL LAND SURVEYORS
LIESBEEK LEISURE PROPERTY TRUST
ERF 191832
THE RIVER CLUB
LIESBEEK PARKWAY
OBSERVATORY
CAPE TOWN
NTS

DP3

Technical Supplement G: Overview of drivers of urban change

This technical supplement discusses key drivers of urban change, namely the population profile and projections; housing supply and demand; physical growth and form; and the economy. The supplement concludes by discussing the implications for spatial planning of drivers of urban change. Whilst every effort has been made to present the most recent data, the City's data is constantly updated and this may not be reflected here.

The technical supplement aims to present the latest research conducted by the City, spanning a period of 10 years, from 2005-2015[40]. It aims to assist in ensuring that the policy presented in the MSDF is achievable and based on the best available evidence regarding the trends shaping Cape Town's future. Greater clarity on these drivers of urban change has direct implications for how the City prioritises and develops the foundations of sustainable growth: public transport, housing, the economy, land, infrastructure, fiscal health and resource efficiency.

Furthermore, each of these drivers of urban change relates to the IDP's five strategic focus areas and the corresponding 11 IDP priorities, as seen in the diagram below.

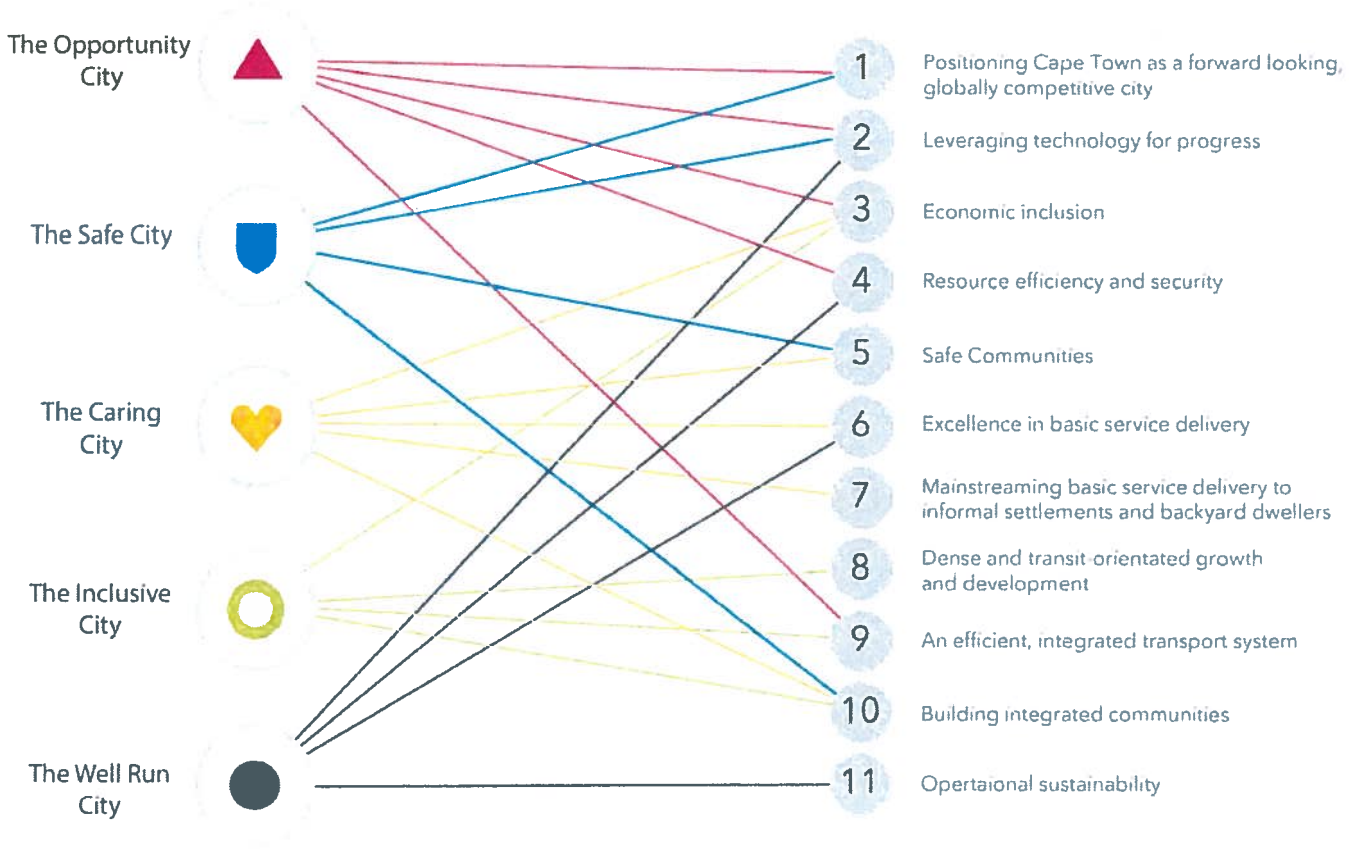


Diagram G1: Relationship between IDP focus areas and priorities.

[40] This study period was chosen as it reflects the local impact of the global economic downturn of 2008, the lasting spatial implications of which were not fully understood by 2012.

1. Population

The population trends outlined here relate specifically to the IDP's strategic focus areas of a Caring City and an Opportunity City. The priorities which further expand on these IDP focus areas are the City's commitments to building integrated communities, and promoting economic inclusion.

- **Population growth**
  Cape Town is emerging from a second wave of rapid urbanisation, expanding by 62% during the last two decades. The 2016 StatsSA Community Survey estimates the population for Cape Town is approximately four million (Diagram 35) representing a 56.2% increase since 1996.

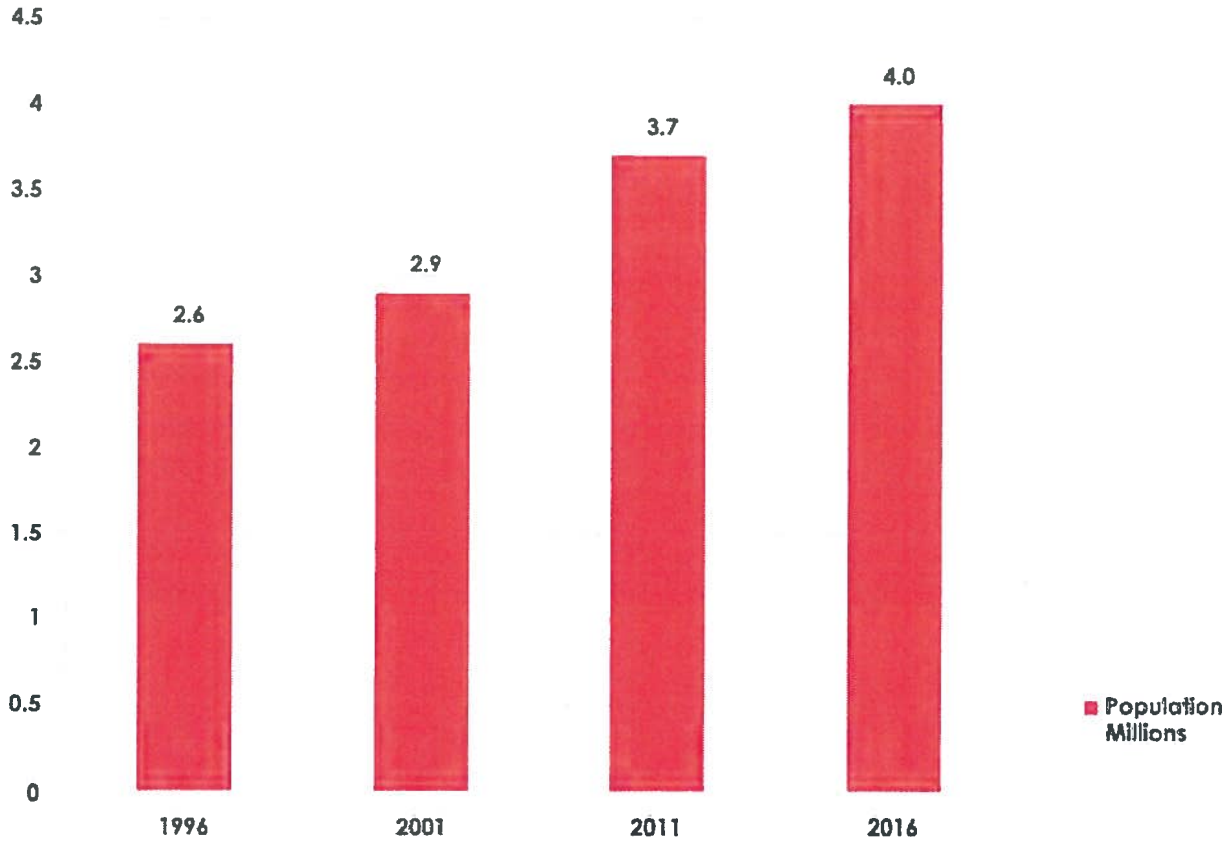


Diagram G2: Population Growth

- **Population growth in the province**

  Cape Town's population growth of 56.8% over 20 years reflects a similar trend to the provincial population growth of 58.7%. However, Cape Town's population as a percentage within the Western Cape's population has decreased from 64.8% in 1996 to 63.8% in 2016, as can be seen in Diagram G3.

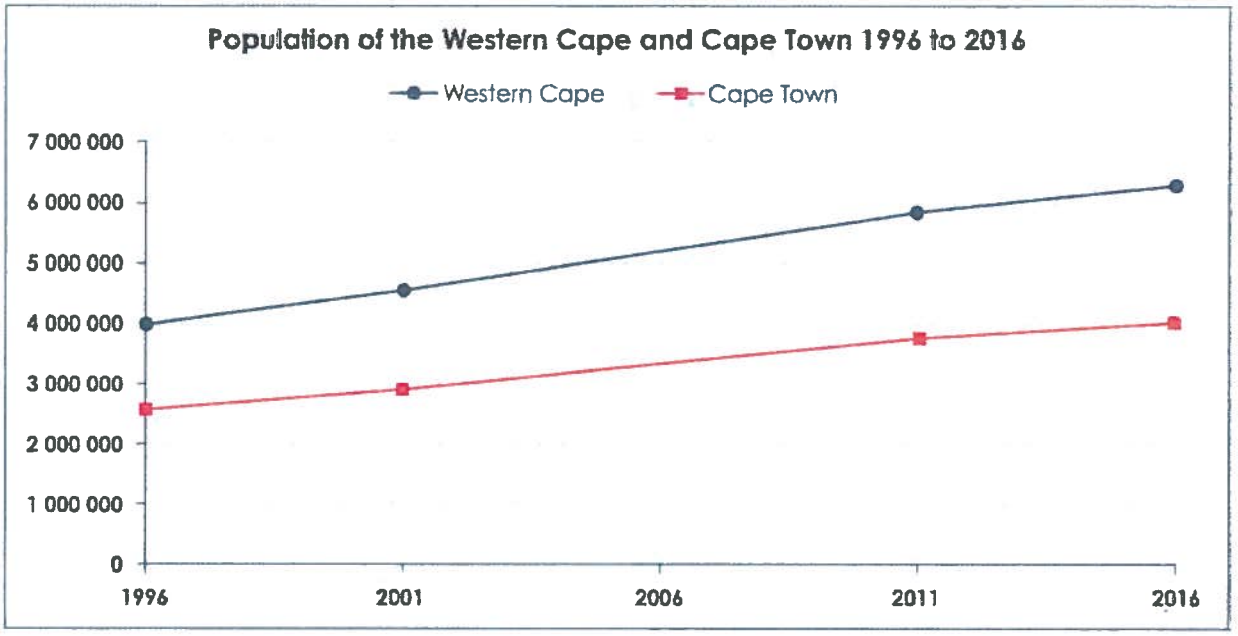


Diagram G3: Population of the Western Cape and Cape Town 1996–2016

The population is expected to reach 4.5 million in the early 2030s based on the City's base projection. Population growth rates are decelerating, from an average compound growth rate of 3.3% between 2000 and 2010 to an expected 1.5% between 2010 and 2020. The largest uncertainty in future growth projections is the nature and extent of in-migration, both internal and transnational. Diagram G4 illustrates different population growth scenarios as projected.

According to the 2016 Community Survey 379 469 residents (9.8%) were not living in the same place in March 2016 as in October 2011 and had moved in this period. Of the 379 469, 253 941 moved within Cape Town and 125 528 people moved into Cape Town.

There were also 58 650 people that were residents of Cape Town in October 2011 but were living in other parts of South Africa in March 2016. This implies a total increase of 66 878 people between October 2011 and March 2016 but does not take into account those people that left South Africa. This comprises about 1.7% of the March 2016 Cape Town population.

Between October 2011 and March 2016 the increase in the total population of Cape Town was 264 797 with just over 25% of this due to migration. If the high in-migration scenario as modelled for the Western Cape is downscaled to Cape Town, an additional 160 000 people is added to the base projection by 2040, from 4.63 million to nearly 4.8 million.

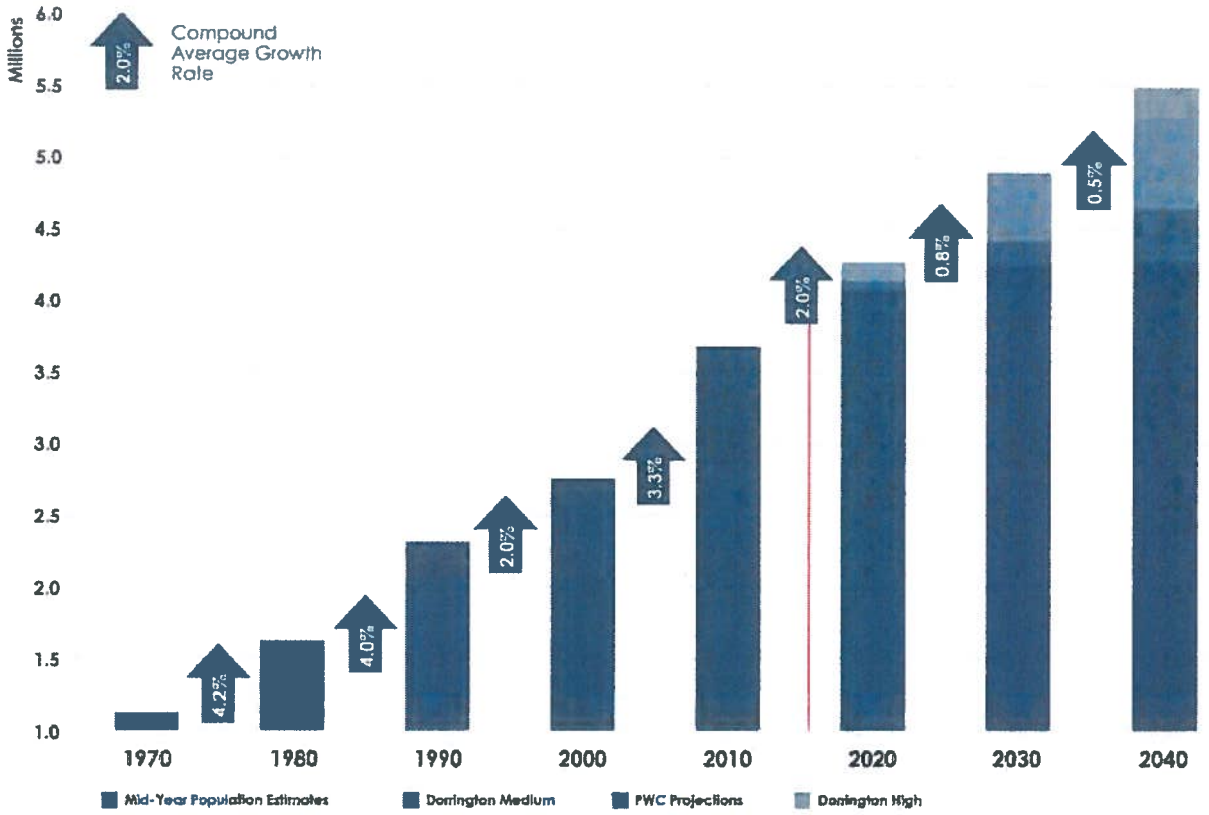


Diagram G4: Historical and projected population growth[41]

- **Population structure**

  Cape Town's working age population (aged 15 to 64 years) has increased proportionately since 1996, while that of youth (aged 0 to 14 years) has decreased. This suggests a large proportion of the city's inhabitants are young people looking for employment opportunities. In addition, the majority of the City's migrants are low-income from rural areas and small towns. This socio-economic trend creates significant expectation; from the economy, the provision of employment opportunities and from the local authority the provision of infrastructure, services, and access to land and housing.

  Table 18 shows the makeup of Cape Town's population over a 10-year period. From the table it is clear that from 1996 to 2016, the percentage of the population aged 35 – 64 increased from 28% to 34.5%. During this time the percentage of the population aged 15 – 24 and 25 – 34 decreased by between 2% and 3% respectively. This demonstrates that Cape Town has an ageing population with 40% of the population currently aged 35 – 65 years old, according to the 2016 Community Survey.

[41] City of Cape Town Mid-Year Population Estimates; PWC Population Projections.

Table G1: Age of Cape Town's population from 1996–2016

Cape Town	1996 Census		2001 Census		2011 Census		2016 Community Survey	
	Number	%	Number	%	Number	%	Number	%
0 to 4 years	241,256	9.4%	252,826	8.7%	370,297	9.9%	368,419	9.2%
5 to 14 years	481,016	18.8%	518,200	17.9%	558,033	14.9%	673,840	16.8%
15 to 24 years	486,637	19.0%	578,020	20.0%	686,857	18.4%	651,856	16.3%
25 to 34 years	481,575	18.8%	533,785	18.4%	727,362	19.4%	680,104	17.0%
35 to 64 years	717,332	28.0%	866,257	29.9%	1,189,990	31.8%	1,380,824	34.5%
65 years and older	128,068	5.0%	144,156	5.0%	207,486	5.5%	249,749	6.2%
Unknown	27,212	1.1%						
Total	2,563,096	100.0%	2,893,244	100.0%	3,740,025	100.0%	4,004,793	100.0%

Cape Town's old-age dependency ratio is projected to rise from 9 persons to 16 persons per 100 working-age people by 2040 (Diagram 39), whereas the child dependency ratio will decline from 38 to 30 per 100 working-age people. An ageing population places pressure on economic growth and public finance, driving demand for public health care, long-term care services and state pensions. This trend relates to the IDP's focus are of creating a Caring City, as there will be a need to promote the economic inclusion of those dependent on the state.

The age distribution of the population of Cape Town between 1996 and 2016, shows a trend that suggests Cape Town has an ageing population. According to the 2016 Community Survey, the percentage of the population in Cape Town aged 35 and younger is decreasing, while the percentage of those aged 35 and older is increasing. This is further shown through the median age increasing from 26 in 1996 and 2001, to 28 in 2011, and 29 in the 2016 Community Survey. The age pyramid can be seen in Diagrams G5 and G6.

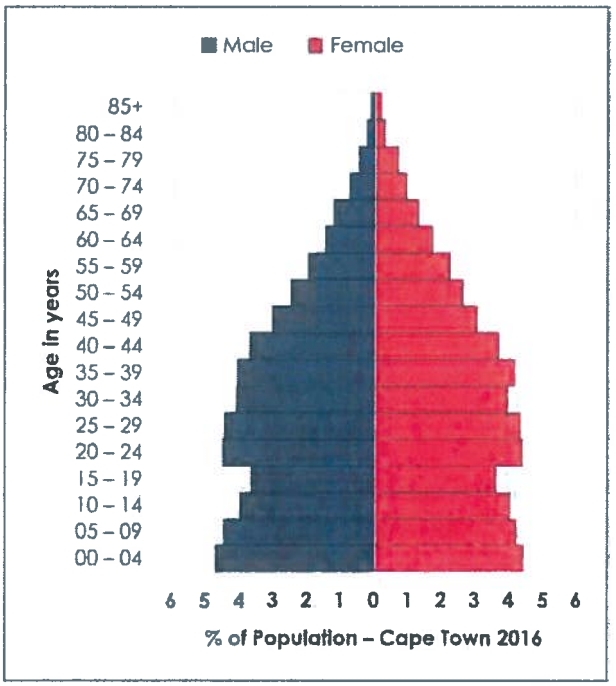


Diagram G5: Cape Town's population pyramid 2016

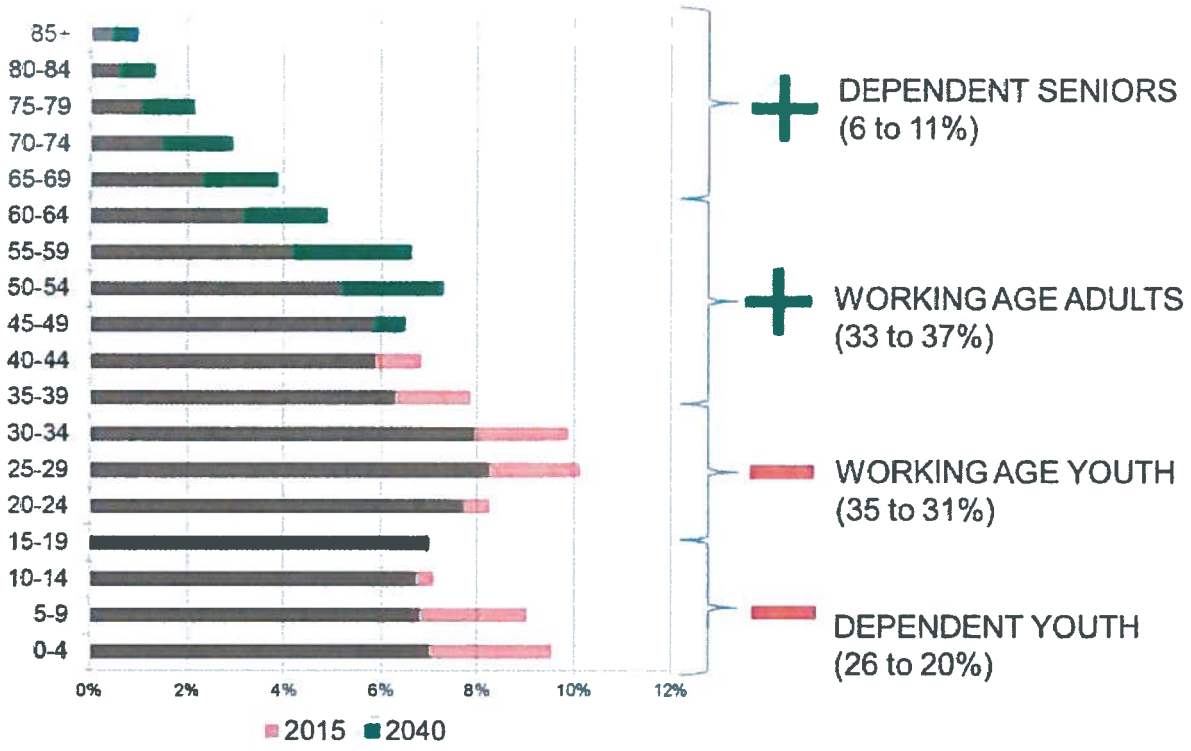
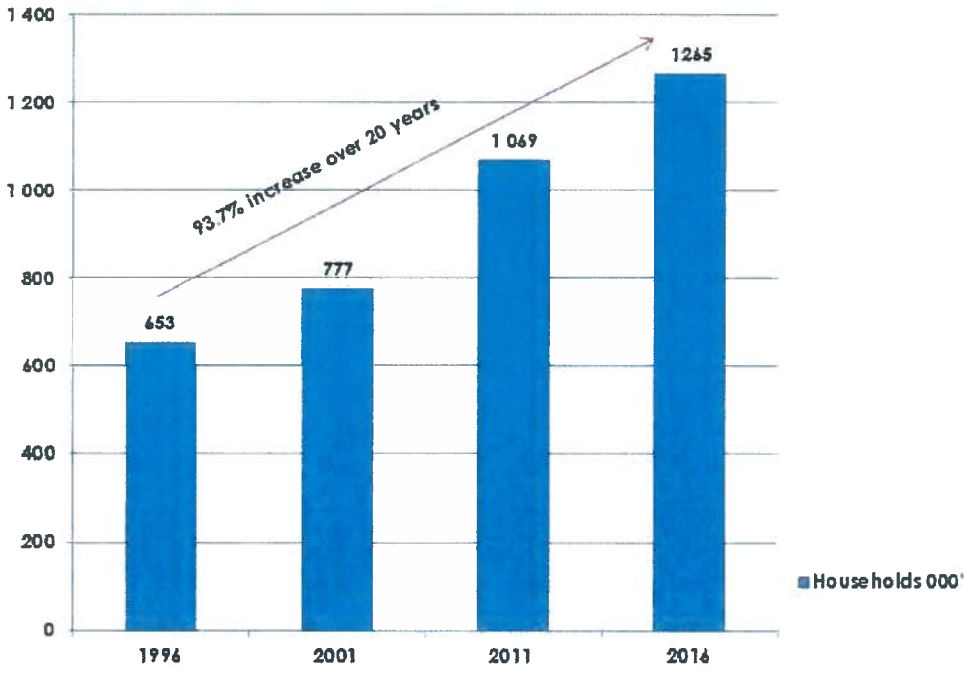


Diagram G6: Population pyramid[42]

- **Number of households**

The number of households in Cape Town is increasing faster than the population, according to the 2016 Community Survey. In relation to this the size of households is declining. The increase in the number of households in Cape Town from 653 085 in 1996 to 1.26 million households in 2016 shows a 93.7% increase in the number of households over 20 years. This increase is shown in Table G2 and Diagram G7, taken from the 2016 Community Survey, below.

Table G2: Change in number of households in Cape Town 1996–2016



[42] City of Cape Town Population Projections.

Cape Town	Change 1996 to 2016 20 years		Change 2001 to 2016 15 years		Change 2011 to 2016 5 years	
	Number	% Increase	Number	% Increase	Number	% Increase
Total Population	1 441 698	56.2%	1 111 547	38.4%	264 767	7.1%
Number of Households	611 764	93.7%	487 456	62.7%	196 274	18.4%

Diagram G7: Relative number of households[43]

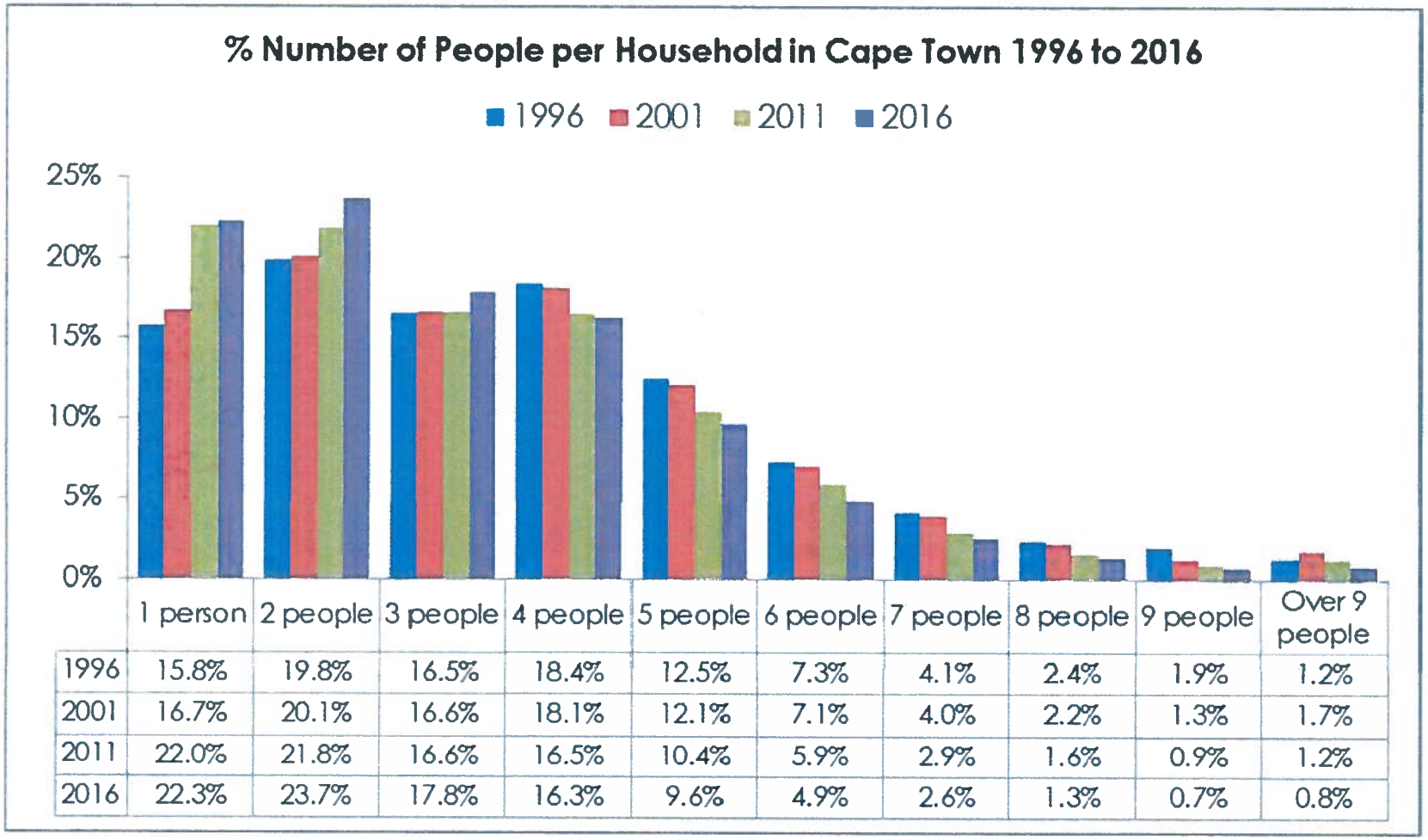
- **Household size and formation**

The city is experiencing a rapid increase in the number of households being formed. The rate of new household formation outpaces that of population growth. From 2011-2016 population has increased by 7.1% but the number of households has increased by 18.4%.

Cape Town households are becoming smaller. Over the last 20 years the average household size has gone from 3.92 people to 3.17. The household formation trends over the last 20 years, in Diagrams 41 and 42, show that from 1996 to 2016, the number of two-person households increased from 19% to almost 24%. Additionally, 48% of Cape Town households consist of one or two people. The rate of household formation is likely an effect of the increase in the younger, working age population. An increase in the number of households and the changing population structure is of particular relevance to the supply of housing in the City with both the number and type of housing affected.

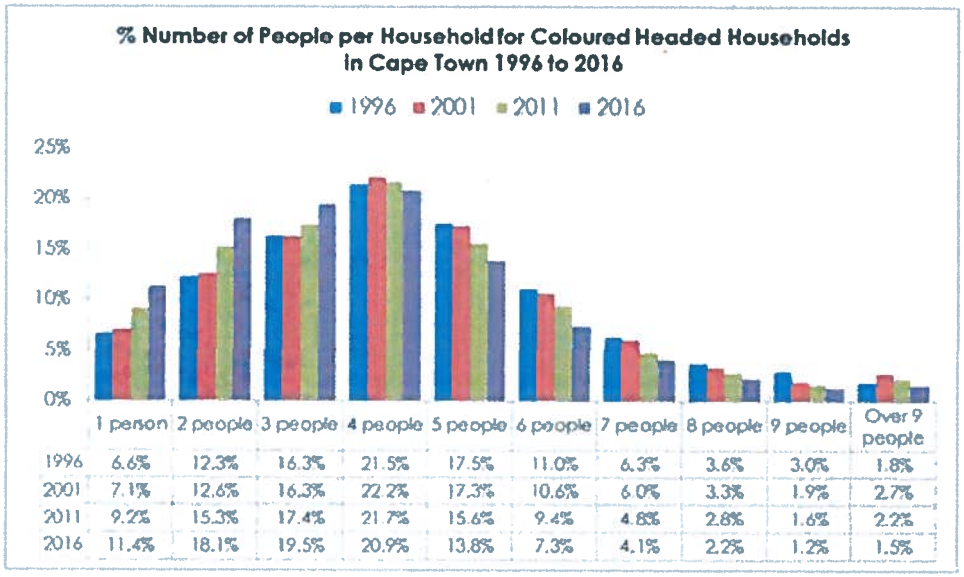
Diagram G9 shows the make-up of households per racial category. From this it can be seen that the household formation of African headed households has increased slightly to between three and four people, however, the majority of African households are made up of one person per household. The race category with the highest number of people per household is coloured households with many consisting of four or more people. Despite this, there was a marked increase in two-person households in 2016 within the coloured household category. White headed households have fewer people per household than other race groups, with one- and two-person household sizes increasing consistently from 1996–2016. A similar trend is seen in Asian households between the same periods.

[43] StatsSA household figures 1996-2016

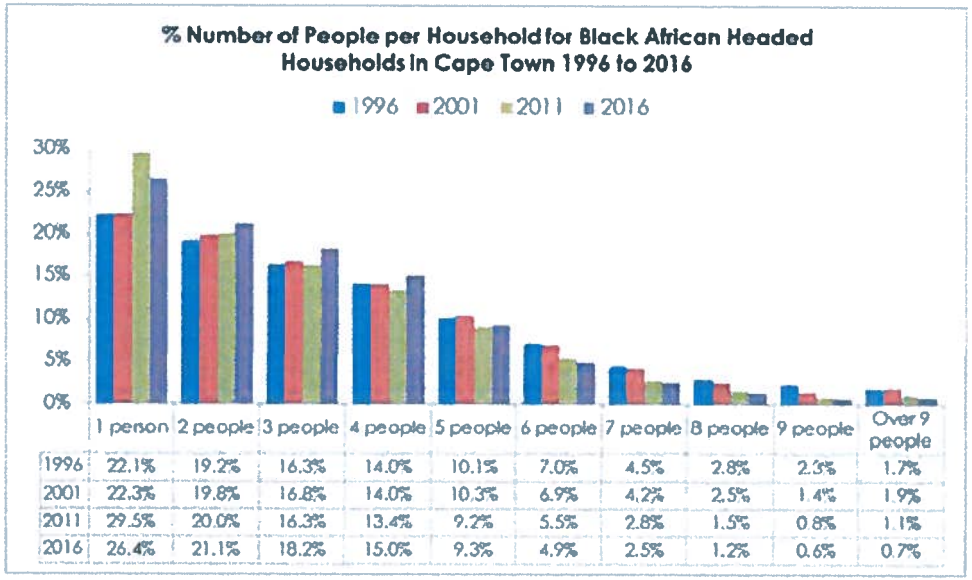


	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people	9 people	Over 9 people
1996	15.8%	19.8%	16.5%	18.4%	12.5%	7.3%	4.1%	2.4%	1.9%	1.2%
2001	16.7%	20.1%	16.6%	18.1%	12.1%	7.1%	4.0%	2.2%	1.3%	1.7%
2011	22.0%	21.8%	16.6%	16.5%	10.4%	5.9%	2.9%	1.6%	0.9%	1.2%
2016	22.3%	23.7%	17.8%	16.3%	9.6%	4.9%	2.6%	1.3%	0.7%	0.8%

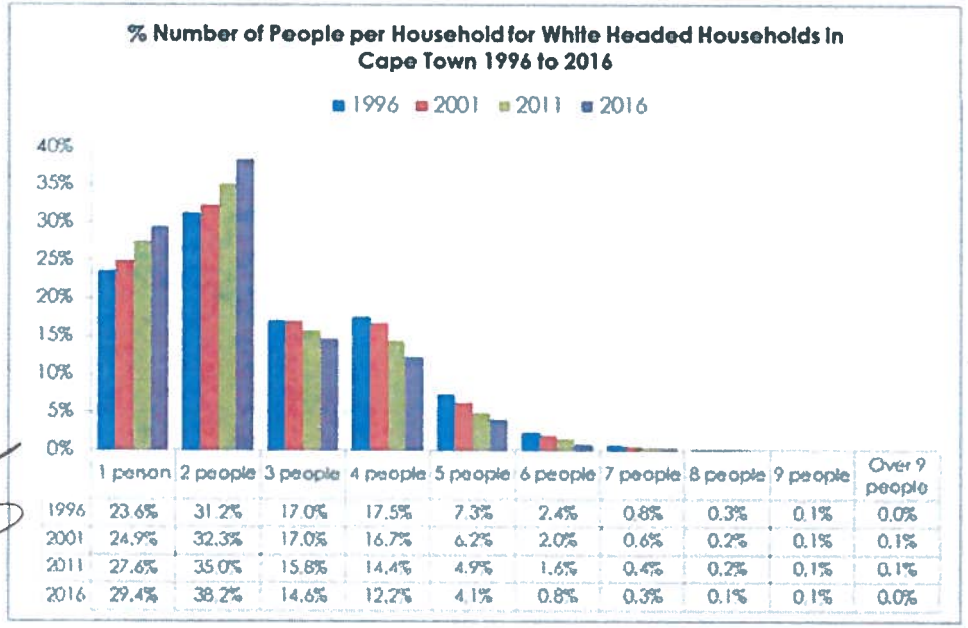
Diagram G8: Percentage of people per household in Cape Town 1996-2016



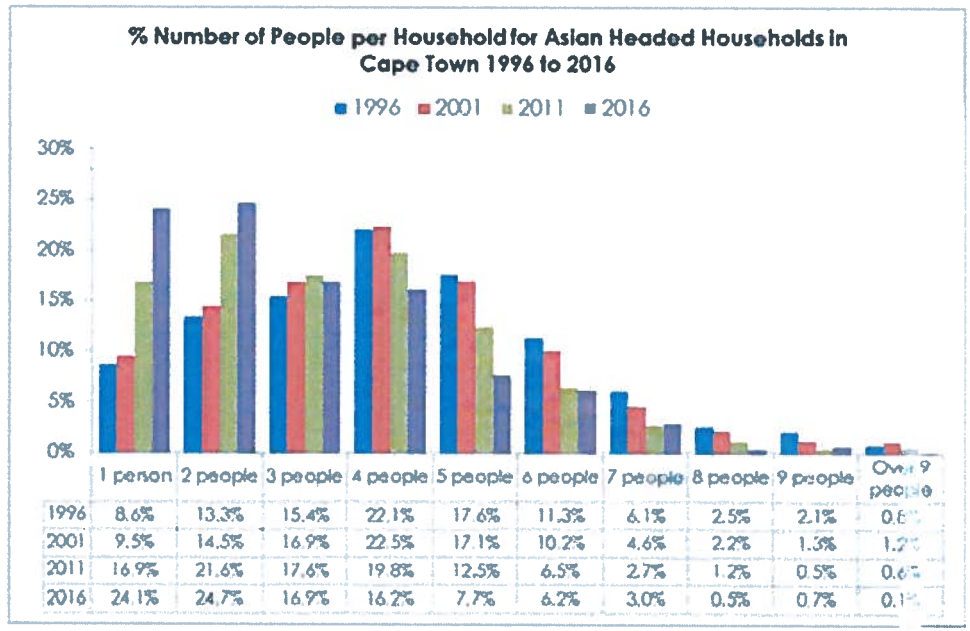
	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people	9 people	Over 9 people
1996	6.6%	12.3%	16.3%	21.5%	17.5%	11.0%	6.3%	3.6%	3.0%	1.8%
2001	7.1%	12.6%	16.3%	22.2%	17.3%	10.6%	6.0%	3.3%	1.9%	2.7%
2011	9.2%	15.3%	17.4%	21.7%	15.6%	9.4%	4.8%	2.8%	1.6%	2.2%
2016	11.4%	18.1%	19.5%	20.9%	13.8%	7.3%	4.1%	2.2%	1.2%	1.5%



	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people	9 people	Over 9 people
1996	22.1%	19.2%	16.3%	14.0%	10.1%	7.0%	4.5%	2.8%	2.3%	1.7%
2001	22.3%	19.8%	16.8%	14.0%	10.3%	6.9%	4.2%	2.5%	1.4%	1.9%
2011	29.5%	20.0%	16.3%	13.4%	9.2%	5.5%	2.8%	1.5%	0.8%	1.1%
2016	26.4%	21.1%	18.2%	15.0%	9.3%	4.9%	2.5%	1.2%	0.6%	0.7%



	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people	9 people	Over 9 people
1996	23.6%	31.2%	17.0%	17.5%	7.3%	2.4%	0.8%	0.3%	0.1%	0.0%
2001	24.9%	32.3%	17.0%	16.7%	6.2%	2.0%	0.6%	0.2%	0.1%	0.1%
2011	27.6%	35.0%	15.8%	14.4%	4.9%	1.6%	0.4%	0.2%	0.1%	0.1%
2016	29.4%	38.2%	14.6%	12.2%	4.1%	0.8%	0.3%	0.1%	0.1%	0.0%



	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people	9 people	Over 9 people
1996	8.6%	13.3%	15.4%	22.1%	17.6%	11.3%	6.1%	2.5%	2.1%	0.8%
2001	9.5%	14.5%	16.9%	22.5%	17.1%	10.2%	4.6%	2.2%	1.3%	1.2%
2011	16.9%	21.6%	17.6%	19.8%	12.5%	6.5%	2.7%	1.2%	0.5%	0.6%
2016	24.1%	24.7%	16.9%	16.2%	7.7%	6.2%	3.0%	0.5%	0.7%	0.1%

Diagram G9: Percentage of people per household per race in Cape Town 1996-2016

- **Social indicators**

  The Human Development Index (HDI) is a composite statistical index of life expectancy, education and income. The improvement of Cape Town's HDI from 0.69 in 2001 to 0.72 in 2011 and 0.75 in 2016[44] was supported by rising literacy and income per capita. This is significantly higher than the national HDI of 0.65 in 2016.

  Encouragingly, life expectancy has shown an increasing trend. Using the Western Cape province's life expectancy figures as a proxy for Cape Town, there has been a steady increase in the average life expectancy of around 61,7 years in the period 2001-2006 to 66,6 years in 2011-2016, a five year increase in a decade[45]. This is in part due to the Western Cape and Cape Town's active anti-retroviral treatment programmes for HIV/AIDS.

  Literacy rates in Cape Town have improved from 85% in 2001 to 92% in 2011[46], and real GDP per capita from R65 477 in 2001 to R73 784 in 2016[47]. According to Stats SA, literacy refers to the ability to read and write in at least one language. Historically literacy has been measured based on whether a person has completed Grade 7 or not (Stats SA, 2015). However, it has been noted that this is not a sufficient indicator of a person's literacy ability.

  Surveys conducted by Stats SA since 2009 have asked respondents to indicate if they have 'no difficulty', 'some difficulty', 'a lot of difficulty' or are 'unable' to read (newspapers, magazines or books) in at least one language or write a letter in at least one language (Stats SA, 2015). Social indicators such as literacy rates are important in the Cape Town context as literacy rates can infer employability of an individual.

  Despite an increase in literacy rates, there is still high youth unemployment in Cape Town. This suggests that other skills should be addressed in order to further increase the employability of young people. In relation to the IDP, this challenge reflects the City's goal of creating an Opportunity City with economic inclusion being a priority of this goal.

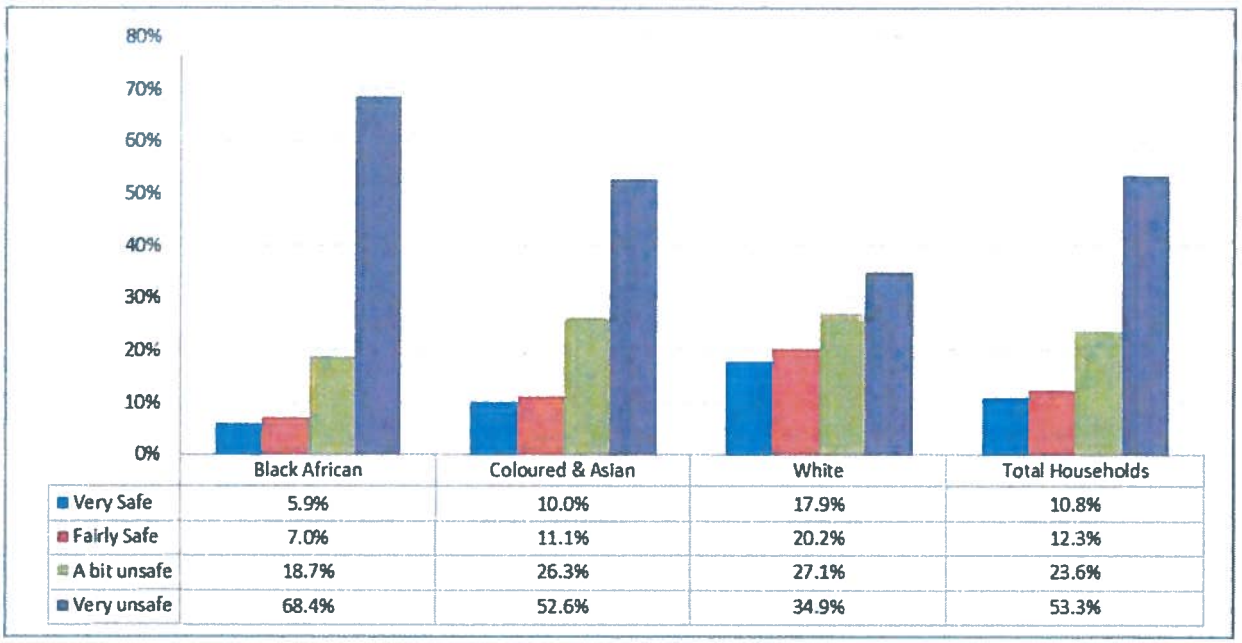
- **Safety and security**

  Statistics and trends relating to safety and security are included for their relevance to the IDP goal of creating a Safe City and safe communities.

  South African Police Service (SAPS) data reveals that Cape Town had the highest overall crime rate in 2015/16 compared to other selected South African metros, measured at 8 285 per 100 000 of the population. This may be attributed to Cape Town's significantly high drug-related crime rate (1 551 per 100 000 population), coupled with relatively high property crime rates (3 691 per 100 000 population).

  Of concern is the incidence of social and property crime, which has been on the rise in recent years. 64% of households in the Western Cape feel unsafe at night and 27% during the day: the highest in the country[48].

[44] IHS Markit, 2017.
[45] Statistics South Africa, Mid-year population estimates, 2016.
[46] IHS Markit, 2017.
[47] IIS Markit, 2017.
[48] Crime Statistics Series Volume II: Public perceptions about crime prevention and the criminal justice system, 2010-2013/14 Report, quoted in Municipal Economic Review and Outlook 2015.

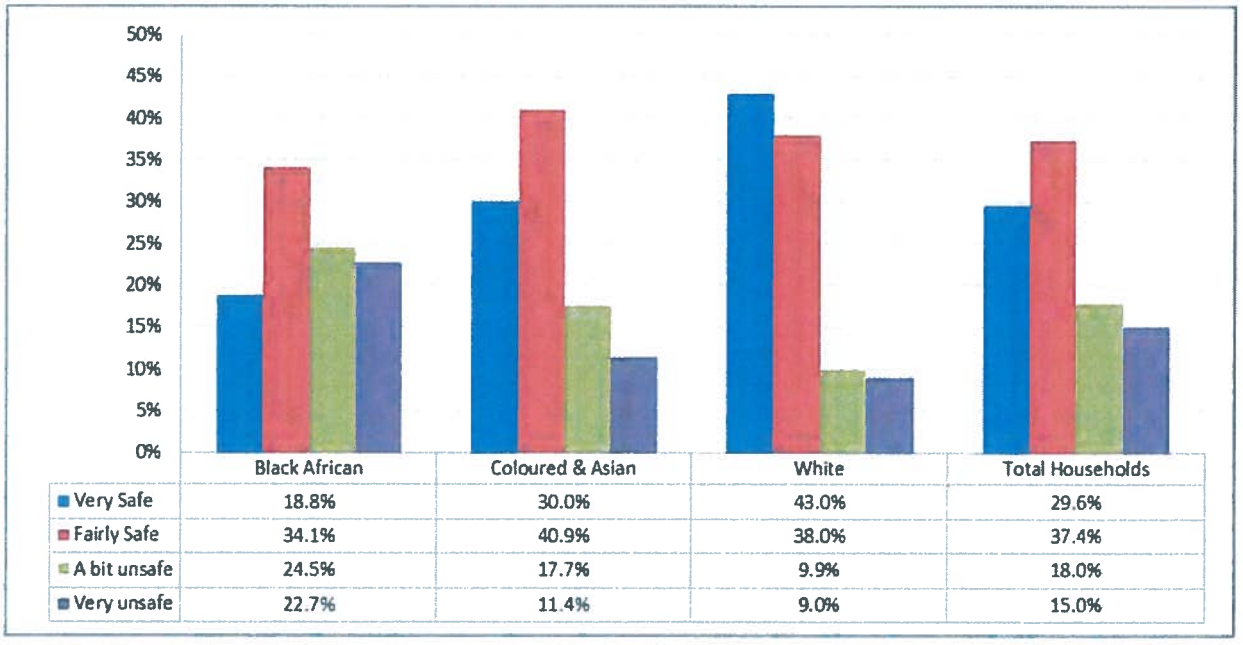


	Black African	Coloured & Asian	White	Total Households
Very Safe	5.9%	10.0%	17.9%	10.8%
Fairly Safe	7.0%	11.1%	20.2%	12.3%
A bit unsafe	18.7%	26.3%	27.1%	23.6%
Very unsafe	68.4%	52.6%	34.9%	53.3%

Diagram G10: Perceptions of safety walking alone in the dark in Cape Town
Source: VOCS 2014/15 Data, Stats SA

Diagram G10, indicates that the majority of black African people in Cape Town felt "very unsafe" (64.4%) walking alone in the dark in Cape Town. Overall, 53.3% of Cape Town households felt "very unsafe" walking alone in the dark in Cape Town.

As indicated in Diagram 44, 37.4% of Cape Town residents felt fairly safe walking around in their area during the day followed by 29.6% who felt very safe, 18% felt a bit unsafe, while 15% felt very unsafe during the day.



	Black African	Coloured & Asian	White	Total Households
Very Safe	18.8%	30.0%	43.0%	29.6%
Fairly Safe	34.1%	40.9%	38.0%	37.4%
A bit unsafe	24.5%	17.7%	9.9%	18.0%
Very unsafe	22.7%	11.4%	9.0%	15.0%

Diagram G11: Perceptions of safety walking alone during the day in Cape Town
Source: VOCS 2014/15 Data, Stats SA

2. Housing

The demand for housing is driven aspects including household size, location and safety, aspects that are further influenced by income. The relationship between housing demand and supply from both the public and private sector relates to the City's focus areas of creating an Inclusive City which prioritises dense and transit-oriented growth and development, as well as building integrated communities.

Three features define the housing challenges of Cape Town. Firstly, a significant backlog in the supply of affordable units; secondly, housing projects are often built at densities that are too low to support city functions such as public transport; thirdly, many settlements are poorly located in terms of access to economic opportunities and social facilities.

The geographic distance between the areas of economic opportunity and overcrowded and underserviced residential areas increases the burden on poor households who have to travel the furthest to work, or seek work. By diverting up to 40% of disposable household income and time away from productive uses, such as income generation, education and parenting, the cost of transport directly inhibits upward socio-economic mobility and deepens household dependency[49]. These features are common to many South African cities but tend to be more acute in Cape Town, where the cost of well-located land is particularly expensive.

- **Housing demand**
  The overall demand for housing over the medium-term is estimated based on current backlogs and new household formation.

  The size of the current housing backlog is based on the number of outstanding housing applications. The total number of housing applications registered on the City's housing database was 303 953 as of December 2015. Census 2011 indicated a backlog of approximately 345 000 households, of which 143 823 were in informal settlements, 74 957 in backyard shacks and the remainder in overcrowded or otherwise unacceptable housing conditions[50].. Eradicating the existing backlog over a 20-year period equates to an annual production of 15 000 housing opportunities. Importantly, these do not include the large number of working households who do not qualify for state assistance but are unable to afford market housing.

  New overall demand for housing is generated as a result of new household formation which is a function of population growth and changing household size. Average household size has been decreasing slowly, from 3,92 in 1996 to 3,72 in 2001, reaching 3,17 by 2016. Combined with population growth, these factors raise the demand for new housing. New overall demand for housing has increased from approximately 15 000 per year in 2005 to 20 000 in 2015. Therefore, approximately 35 000 housing opportunities will need to be supplied by the overall formal housing market annually to eradicate the official backlog over 20 years whilst meeting new demand.

- **Housing supply**
  Housing supply can be divided into three submarkets: market, state-assisted and informal. Although Cape Town's housing market has over the last ten years generated between 15 000 and 20 000 units per year, the mix of supply has changed (Diagram G12). In 2005, two out of four houses were produced by the market, one produced by the state in the form of a top structure, and one generated informally. As of 2015, out of every four new houses generated, one is produced by the market, one by the state, and two informally (in either informal settlements or backyards).

[49] Cape Town 2016. Transport for Cape Town. Transport Development Indicators Report.
[50] Integrated Human Settlements Five Year Plan 2007

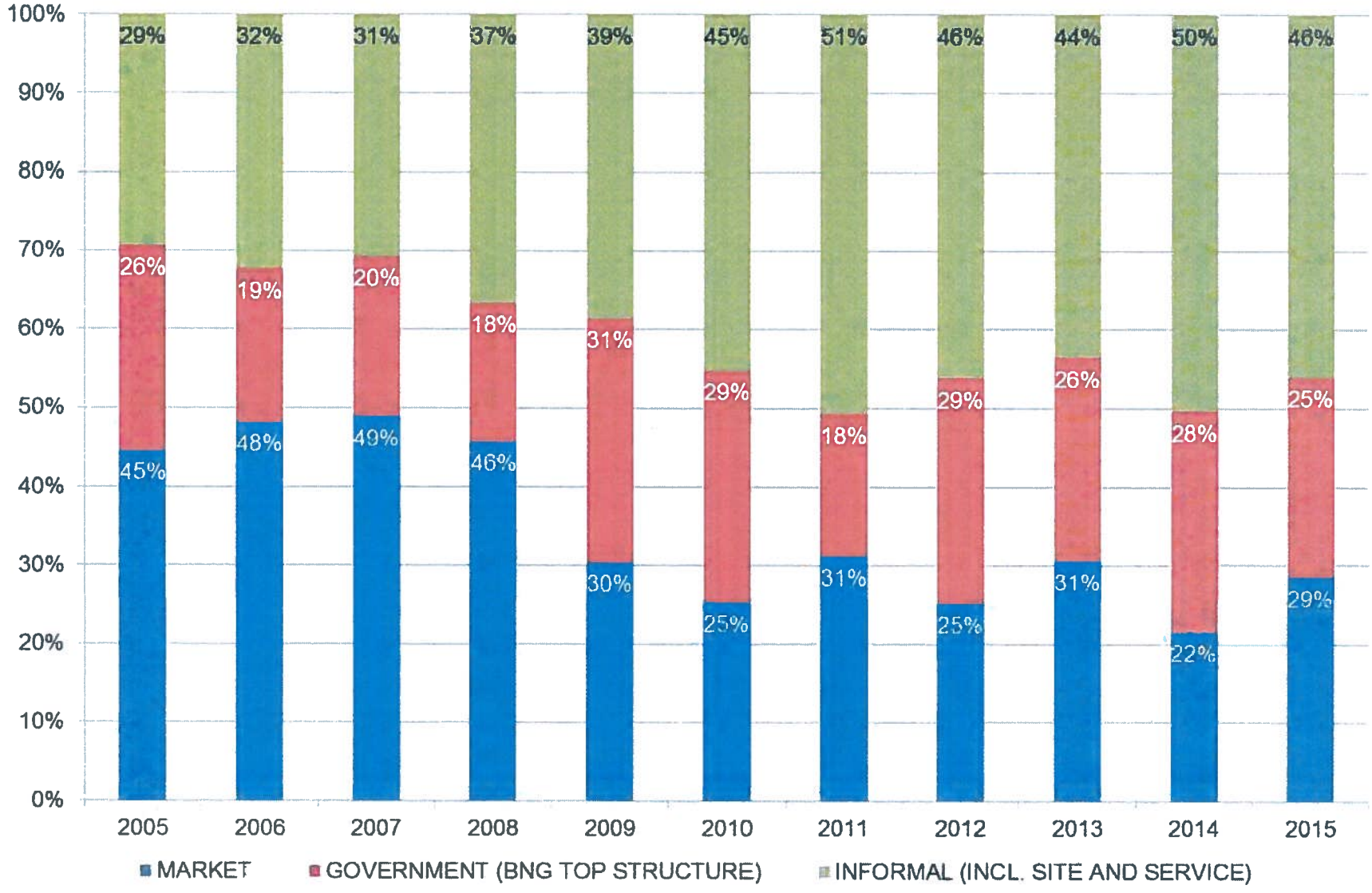


Diagram G12: Annual housing supply mix[51]

[51] City of Cape Town Building Plans Data; StatsSA Census;

- **Market housing**

The formal housing sector was delivering 12 500-15 000 units per year before the 2008 economic downturn, of which approximately 60% was delivered by the market and the remainder through government housing programmes. This is marginally lower than the average annual supply of 16 000 between 1996 and 2007[52]. Given current credit constraints and the near-recessionary economic climate, the delivery rate by the market has decreased by a third to a new normal of between 7 000 and 10 000 units per year. Diagrams G13, G14 and G15 indicate the spatial pattern of market housing since 2005. Whereas low density residential developments continue to locate along the urban periphery, where land values are low (less than R1 000/m²), market-driven densification (as represented by new blocks of flats) is concentrated in well-managed, accessible areas where land values are very high (more than R2 500/m²).

Diagram G13 shows a significant amount of development taking place on the periphery of the city over the period 2005-2014. Diagram G14 illustrates building plan approval from 2015 to December 2017. From the first of these diagrams it is clear that there continues to be sprawling development towards the edge of the city. However, a concentration of residential units (flats) approved within the CBD is noticeable in spite of the highest land values attributable in this part of the city.

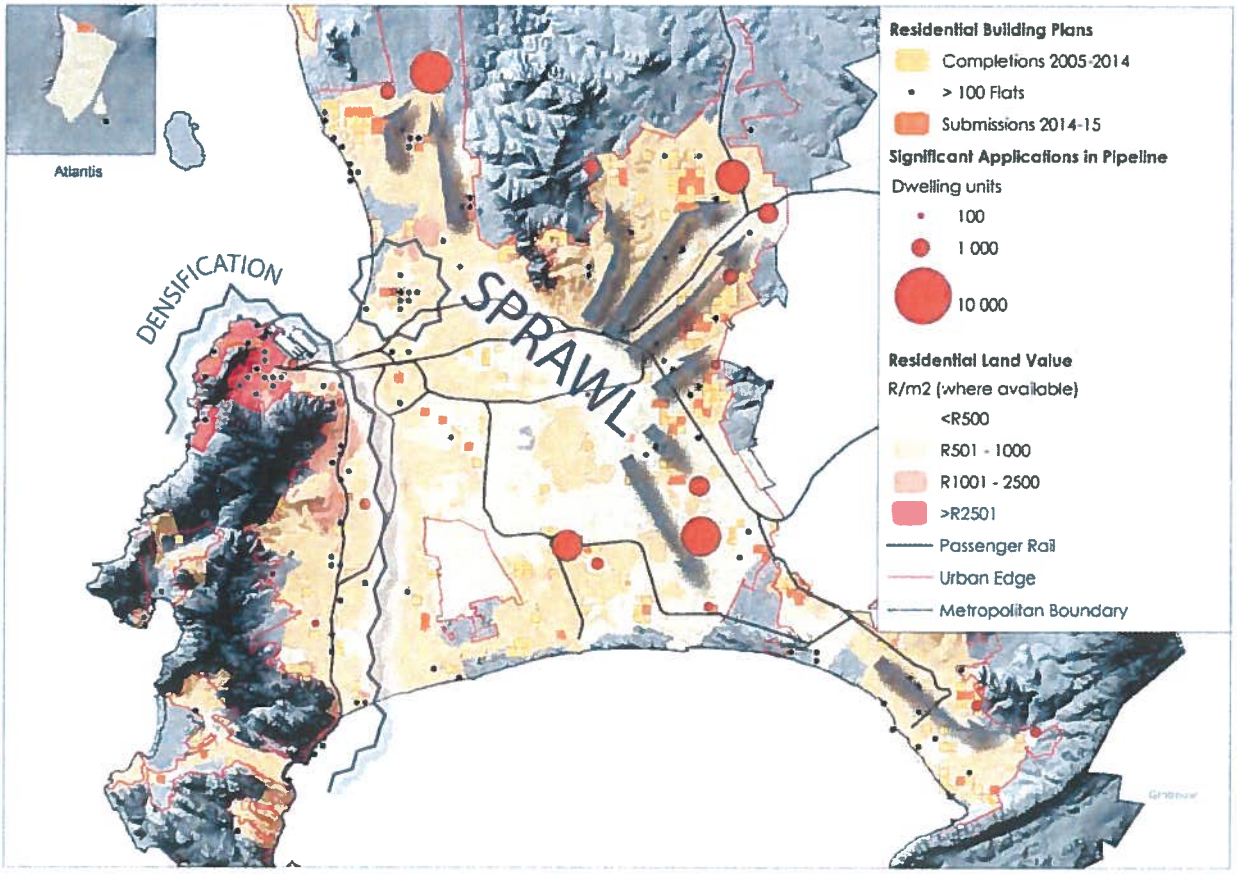


Diagram G13: Market housing and land values[53]

[52]StatsSA

[53] City of Cape Town (2016). Building plan completions and submissions, residential development applications received extracted from Development Application Management System. Land values estimated using regression applied to improved and vacant residential property values per neighbourhood as extracted from General Valuation 2015.

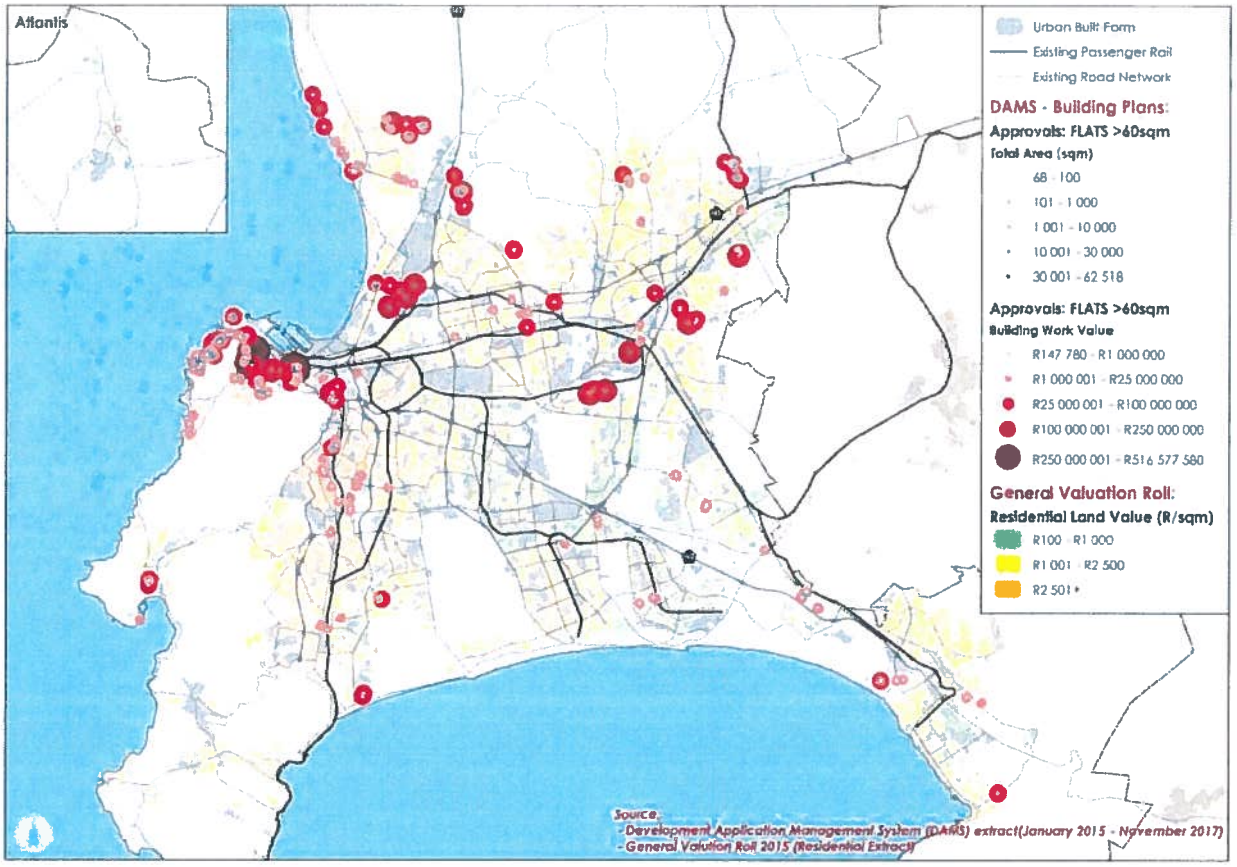


Diagram G14: Residential building plan approvals as at December 2017

- **Affordable housing**

Affordable housing refers to housing units within a neighbourhood where those earning less than the median income of the neighbourhood can afford to live in. These units can be rental units or units for purchase. The City of Cape Town has identified 11 affordable housing sites within the Woodstock and Salt River area. These will include three types of affordable housing: inclusionary housing projects, social housing projects and transitional housing projects. This commitment to affordable housing relates to the IDP's focus areas of an Opportunity and an Inclusive City, with a focus on dense and transit-oriented growth and development, as well as building integrated communities.

Notwithstanding the impact of steep land value gradients on the delivery of well-located affordable housing, this sector has seen renewed interest from investors. The affordable housing segment has in recent years outperformed the overall housing market, with house price growth of properties in the bottom quartile (i.e. less than R330 000, excluding RDP houses) nearly double that of the second highest quartile (R700 000-R1,135m) and four times greater than the highest quartile (more than R1,135m) between 2012 and 2015[54].

[54]Eighty20 (2016) House Price Index: Cape Town.

This interest, particularly in rental accommodation, is driven in part by house price growth and supported by City policies such as reduced parking requirements and social housing initiatives. Recognising the significant unmet demand for affordable housing, developing further policy that encourages lending, unlocks equity and allows mobility up the housing ladder[55] will add value. Spatial policy that proactively identifies and facilitates the packaging and release of strategic land parcels for affordable housing development will be beneficial, as will policy that prioritises the regeneration of well-located but underperforming parts of the inner city through enhanced area-based urban management. This will encourage private sector investors to increase the supply of well-located medium- to high-density housing stock, thus placing downward pressure on rentals.

- **Informal housing supply**

Informal housing is generated in the form of informal dwellings in informal settlements, and backyarding. According to the 2011 Census, 144 000 of the 1 070 000 households in Cape Town lived in informal settlements. As of 2015, the City's working estimate is 191 510 households[56].

Whereas Statistics South Africa reported that 75 000 households lived in backyards in 2011, independent building counts have suggested that the true figure may be as much as double the official estimate[57]. Backyarding occurs when a backyard dweller sets up home in an unused communal space, yard or forecourt of a main property, which may be City rental stock or a privately owned house. Backyarders are often relatives of the tenant or owner of the property who are responding to overcrowded conditions in the main property. Many backyarders are employed, earn up to R15 000 per month and fall into a gap – failing to qualify for state assistance or for a formal bond from private financial institutions[58].

- **Backyarders and informal settlements**

Table G3 shows the increase in dwelling type in Cape Town from 1996–2016. The number of formal dwellings increased from 79.1% in 1996 to 81.6% of the housing stock in 2016. Informal dwellings in backyards increased from 3.3% in 1996 to 7% in 2011, before decreasing to 6.1% of the housing stock in 2016. Similarly, there has been a steady decrease in Informal dwellings not in backyards from 15.8% in 1996 to 11.5% of the housing stock in 2016.

Table G3: Number of dwelling and household types in Cape Town from 1996 – 2016

Cape Town: Dwelling Type of Household	1996		2001		2011		2016	
	Number of Households	%	Number of Households	%	Number of Households	%	Number of Households	%
Formal dwelling	516,867	79.1%	599,803	77.2%	837,536	78.4%	1,032,497	81.6%
Informal dwelling in backyard	21,775	3.3%	32,747	4.2%	74,958	7.0%	77,634	6.1%
Informal dwelling NOT in backyard	103,458	15.8%	1,10,157	14.2%	143,823	13.5%	145,286	11.5%
Traditional dwelling	2,859	0.4%	14,795	1.9%	3,768	0.4%	2,400	0.2%
Other	1,483	0.2%	2,250	0.3%	8,493	0.8%	6,828	0.5%
Unknown	6,643	1.0%	17,639	2.3%			203	0.0%
Total	653,085	100.0%	777,392	100.0%	1,068,579	100.0%	1,264,849	100.0%

Source: 1996 Census, 2001 Census, 2011 Census and 2016 Community Survey, Stats SA

[55] Housing Finance Afrika , 2016.
[56] Integrated Human Settlements Five-Year Plan: 2015/16 Review, p. 24.
[57] GeoTerraImage.
[58] Integrated Human Settlements Five Year Plan 2017.

- **State-assisted housing**

  The rate at which state-assisted top structures is delivered has stabilised at around 5 000 per year since 2005 despite the real contraction of housing subsidies. South Africa's housing policy and corresponding subsidy structure focuses on delivering as many top structures as possible by minimising the cost of delivering each unit, pushing housing development to where land is cheapest. The subsidy currently made available for building top structures – about R160 000 per unit – does not cover the full cost of delivering houses which is up to 75% higher, depending on location[59]. Combined, the rate of delivery remains far below what is required to keep up with new household formation and in-migration, let alone addressing the housing backlog. Based on current resources available to the City, and using a conventional housing provision approach, it will take more than 70 years to eradicate Cape Town's current housing backlog[60].

  Accordingly, a transition from delivery of top structures to the incremental upgrading of informal settlements and backyarding is required. This incremental approach is challenging, in that overcrowding in many areas inhibits the City's ability to provide services and in situ upgrading may necessitate de-densification through relocation. The City's Department of Human Settlements has estimated that resolving Cape Town's housing problem over a 20-year period will cost R99 billion (R5 billion per year). It is therefore critical to partner with citizens and the private sector[61].

  A review of state-assisted housing development since 2005 (Diagram G15) suggests that newer state-assisted housing is gravitating closer to areas of economic opportunity. However, the spatial consequences of affordability constraints, given Cape Town's urban land market, is also demonstrated with new low-income housing concentrated in areas characterised by poverty and informality. The realisation of affordable infill opportunities at scale is constrained by the fact that the City has limited control over large portions of undeveloped and under-utilised land in their area. State-owned entities (SOEs), national or provincial departments or the private sector, own much of the land, with disposals reflecting market-related values. These constraints represent a need to reconceptualise all public land in relation to supporting and promoting the public interest. Any acquisition of land must be located in municipal strategic planning processes, and contain a clear motivation of why and when the land is necessary to support the City's spatial objectives.

[59] CDE Agenda for Growth.
[60] Integrated Human Settlements Five Year Plan 2017.
[61] ibid

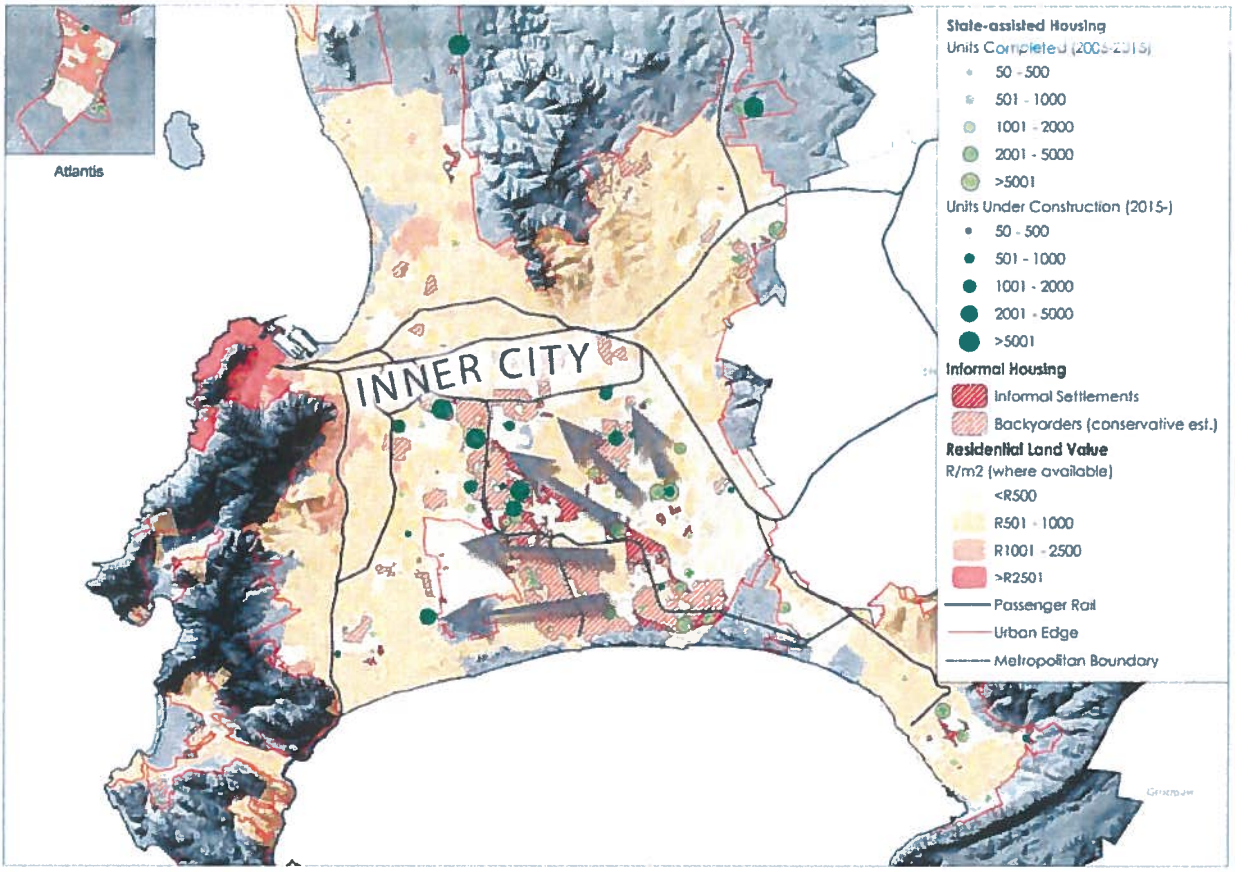


Diagram G15: Informal and state-assisted housing[62]

3. Physical growth and form

- **Land consumption**

  City analysis suggests that of the 99 000 hectares (ha) of land inside the 2015/16 urban edge, 62 000 hectares have been developed. An additional 18 570 ha is constrained due to location and/or regulations (Map G1). Approximately 18 400 ha of developable land[63] remains within the urban edge. While historic amendments to the urban edge have increased the extent of developable land by 4 648 ha since 2012, the physical extent of the city's urban footprint has only grown by an estimated 671 ha during this five-year period. The difference between the pace of urban edge amendments and the pace of actual physical development is suggestive of land market speculation and not activities that result in economic growth or service delivery.

  Although a principle of economic growth-enabling spatial policy is that new development is desirable and investment in development should be facilitated, land speculation goes against this principle by creating inactive areas in the urban fabric, resulting in economic decline and rising service delivery costs. Furthermore, the weight of evidence suggests that rather than being constrained by lack of developable land, Cape Town has entered a period of spatial consolidation indicated by the slowing rate of land consumption.

  The rate of land consumption – which is the conversion of developable land into developed land – has slowed from over 1 000 ha a year during the late 1970s and early 1980s, to an average of less than 250 ha per year since 2008 (Diagram G16). This decline is due to a combination of adverse

[62] City of Cape Town 2016. Diagram generated from multiple sources, including Development Application Management System and roof counts produced by Department of Development Information and GIS.

[63] Developability is a function of its (1) physical and locational characteristics which gives rise to (2) regulatory constraints. This definition is distinct from 'availability', which is a function of the land market which structures the economic power of the potential developer in relation to the land owner.

market conditions and the changing locational preferences of households and firms, both trends that are unlikely to change significantly in the medium-term.

The land consumption rates projected by the various future land use scenarios developed by the City range from 190[64] to 250 ha[65] per year until 2032, indicating that the probability of urban development being constrained by a shortage of developable land within the next 15 years is low. There is sufficient developable land within the 2015/16 urban edge to accommodate new growth until at least 2040.

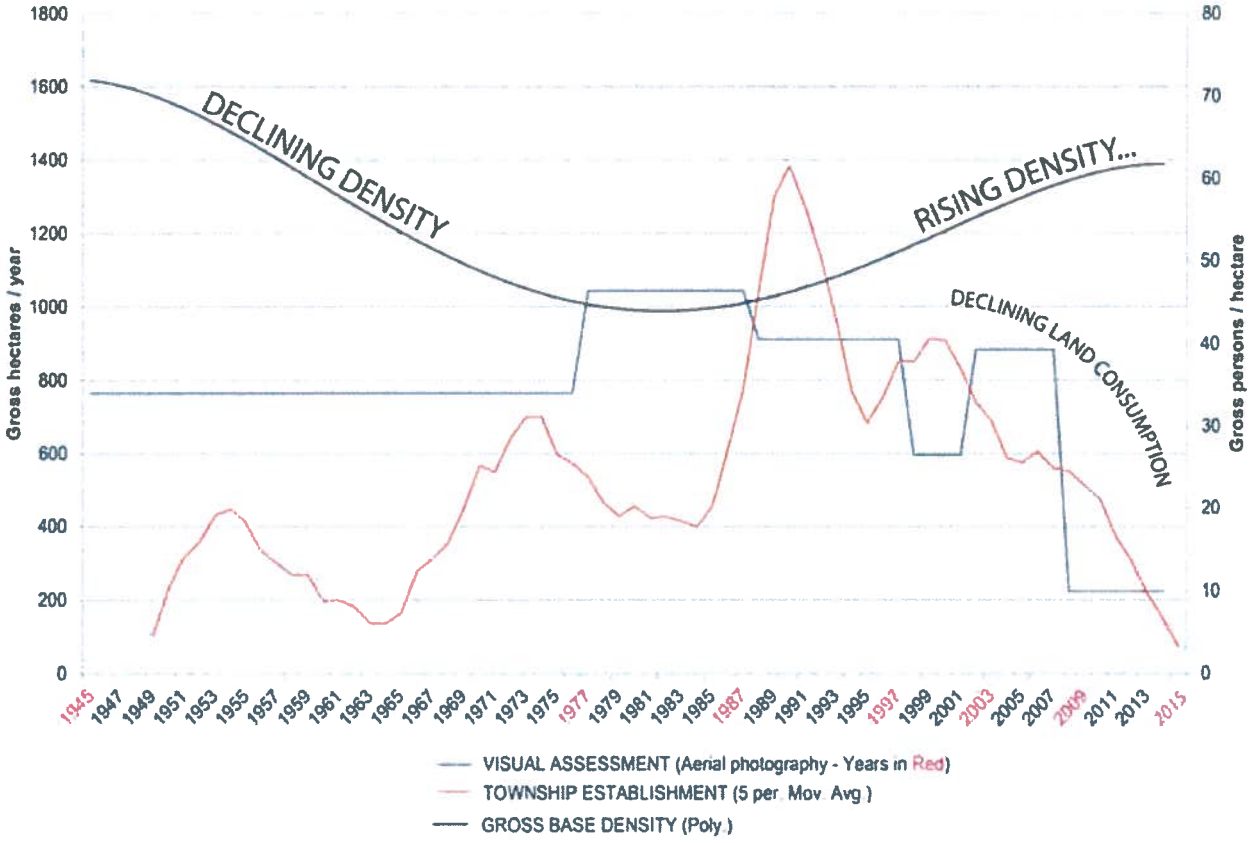
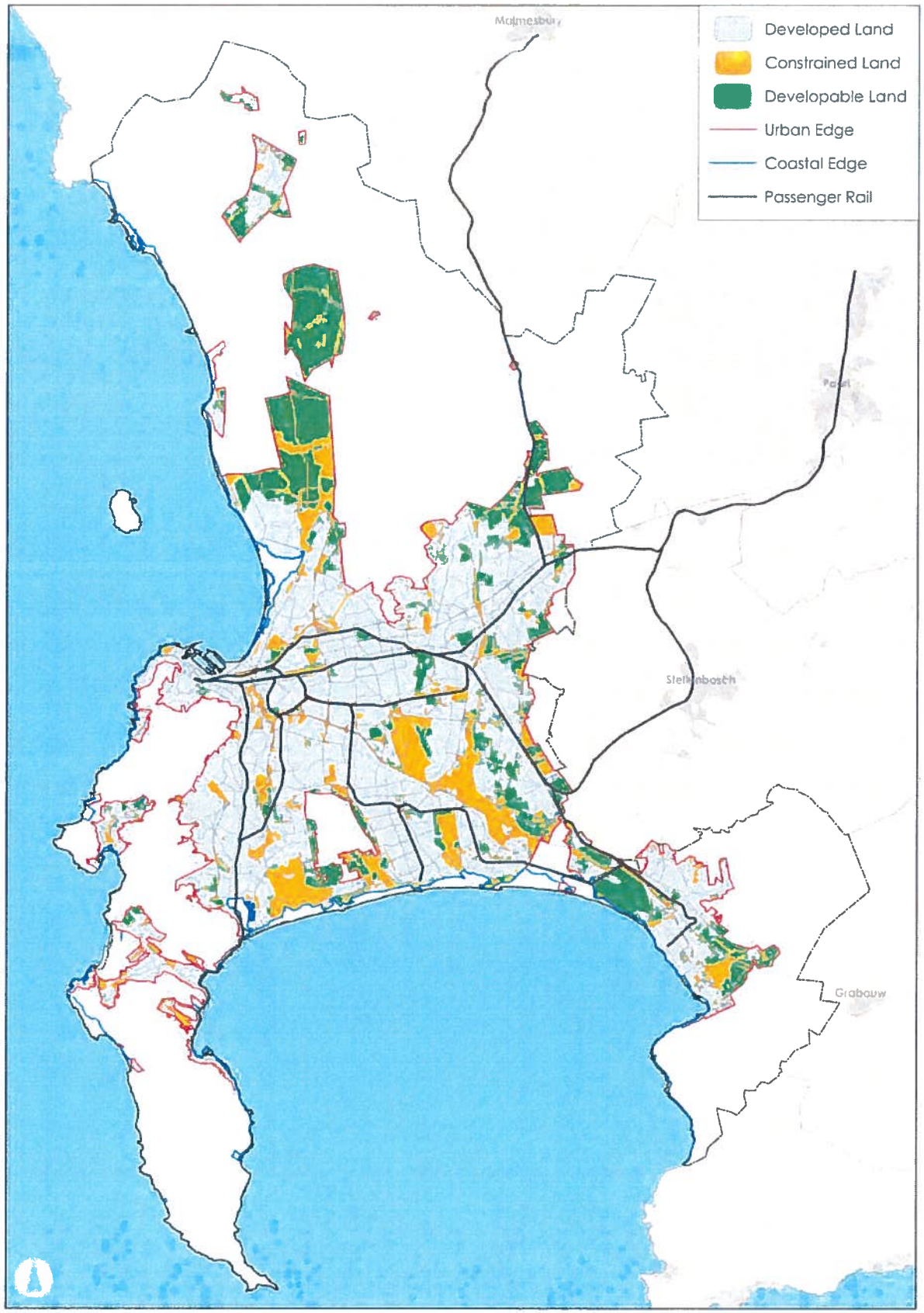


Diagram G16: Land consumption and gross density

[64] Comprehensive Transit-Oriented Development scenario.
[65] Pragmatic Densification scenario.



Map G1: Developed, developable and constrained land (as at December 2016[66])

[66] City of Cape Town (2016). Constraint is based on the intrinsic and immutable characteristics and regulatory restrictions preventing development on a given parcel of land in the medium-term, such as cemeteries, landfill sites, high potential agricultural land, parks, core 1 and 2 biodiversity areas, servitudes, bulk dams, highway and rail buffers, water bodies, inaccessible pockets). Characteristics such as ownership and development rights are not considered immutable in the medium-term and thus not regarded as absolute constraints to development (source: February 2015 aerial photography).

- **Density and spatial efficiency**

  Raising citywide densities and reducing average transport costs is a long-term City priority. The City's planning and budgets reinforce the existing urban footprint whilst supporting targeted, spatially efficient densification in order to progressively achieve better performance. Spatial policy plays a critical role in supporting densification in specific locations or along priority corridors. However, the improvements in citywide density are affected by a number of factors and conditions, including: the pace of urban growth, land markets, the housing subsidy regime, household preferences and the durability of building stock.

  Historically, densities associated with suburban residential development are too low to sustain cost-effective public transport. A scheduled bus service, for example, requires a minimum threshold of 100 persons per hectare. The number of persons per gross hectare has declined from 180 to 40 persons per hectare between 1862 and 1977 driven largely by rising income and changes in household preference for car-centric suburban living. Since the 1980s slower economic growth accompanied by smaller residential plots and the growth of dense informal settlements saw gross base densities rise slightly, to 60 people per hectare.

  Given anticipated slower demographic and economic growth, it is unlikely that gross base densities for Cape Town will reach the 80 person per hectare threshold required to support a regularly scheduled bus service, irrespective of land use trajectory. Simply put, given the geographic size of the urban footprint, the amount of new growth expected in the future is insufficient to reach wall-to-wall densities to sustain universal, frequent and formal public transport. However, if all new growth were concentrated in one third of the existing city footprint (22 000 hectares), it is possible to reach the necessary density in these priority areas by 2040. Prioritising areas for residential intensification and supporting economic agglomeration is therefore critical to sustain high-quality infrastructure and services.

  Raising Cape Town's density remains a key challenge and is fundamental to creating more efficient and dynamic urban economies. Whilst City policy supports density, the land market, coupled with the spatially blind structure of property and development levies creates a perverse incentive, drawing new development to peripheral, poorly serviced areas. The low land prices which attract development to these locations represent a pricing failure because they do not reflect the underlying capital or life cycle costs of development in peripheral locations. These costs constitute a negative externality transferred to poor households (capitalised into transport costs in the case of state-assisted housing) and to the City and its ratepayers (who share the operational cost burden of maintaining infrastructure and providing services in the forms of rates and tariffs).

- **Inward growth**

  The same pricing failure that contributes to urban sprawl also contributes to urban blight. The short-term financial gains arising from outward growth risks 'crowding out' much-needed infrastructure investment in inward growth, thereby accelerating inner city decline. This emphasis on inward growth, as vital to the city, signals a greater commitment to achieve larger scale efficiencies across the city. These include (a) the regeneration and intensification of underperforming inner city business nodes, (b) the infill development of large underutilised pockets of land within the urban edge (e.g. Wingfield) and (c) the in situ residential intensification within well-located but traditionally low-density suburbs (e.g. second dwellings, cluster housing, backyarding).

4. The economy

- **Economic context**

"As a country we are operating in a global environment that is not going to see growth of 4, 5 or 6 percent for a long time to come". - Finance Minister Pravin Gordhan, 29 July 2016

- **Macro context**

The world economy has entered a period of slower productivity growth. An ageing population and lower investment levels are feeding into a decline in global growth potential. All countries – particularly developing nations – are grappling with the changes required to manage this new reality. Growth in developing countries has slowed, resulting in lower demand for commodities.

Nationally, governance and policy uncertainty, low business confidence and declining household demand compound an already weakened economic situation. The recent credit ratings downgrade by several credit institutions will further dampen the poor short-term outlook for South Africa's economy. Weak financial and capacity positions of several major public entities, upon which the City is dependent, will complicate achievement of coordinated infrastructure roll-out and investment. Without a stronger effort to overcome domestic constraints, improve competitiveness and speed up the pace of structural change, South Africa will not be able to substantially reduce unemployment, poverty and inequality in the near future.

- **Local context**

Through the IDP, the City is committed to creating a Well-Run City, with the specific priorities of creating an Opportunity City by positioning Cape Town as an economically inclusive, forward-looking globally-competitive city.

With a gross geographic product of over R300 billion, Cape Town plays a significant role in the regional economy. As a mid-sized, middle-income city on the international stage, Cape Town is highly interconnected with the rest of the world and strongly affected by developments in the global economy. It is a service-driven economy, with services constituting 80% of the economy as of 2016. Official projections expect economic growth to inch upwards from 0, 2% in 2017 to 0,8% by 2018, driven by manufacturing (2% in 2018); and wholesale and retail trade (0, 7%0[67]). At best, economic growth over the medium-term will be sufficient to gradually absorb skilled and semi-skilled workers affected by the economic slump in certain sectors. However, in the absence of marked improvements to educational outcomes, this growth is unlikely to have any significant impact on the employment prospects for unskilled workers. In order to adapt to a low-growth future, Cape Town must reduce its vulnerability by optimising the potential for growth, productivity and innovation which arise from the spatial concentration of jobs, people and opportunities which enables households to access employment and higher quality public services[68].

[67] Municipal Economic Review and Outlook 2017.
[68] Integrated Urban Development Framework 2016, National Department of Cooperative Governance and Traditional Affairs.

- **Work force**

  About 1, 53 million of the 2, 84 million who made up the working age population in 2016 are employed, with about 81% employed in the formal sector and 11% in the informal sector, the remainder are employed in the agricultural sector and private households (Diagrams G17 and G18). One exceptional characteristic of Cape Town's labour market is that it has by far the fewest number of discouraged work seekers as a proportion of overall labour force amongst any South African city. The number of discouraged work seekers (i.e. non-searching unemployed) has dropped dramatically from 113 531 in 2005 to 17 376 in the second quarter of 2017.

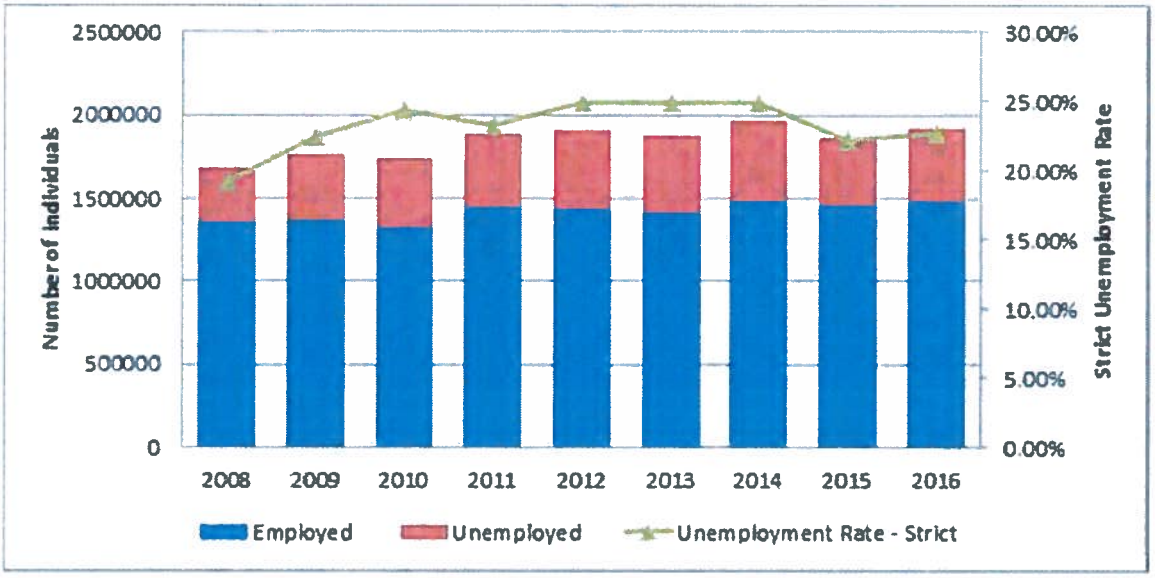


Diagram G17: Cape Town's labour force (employed vs unemployed)[69]

Diagram G18: Cape Town's labour force (formal vs informal)[70]

[69] Quarterly Labour Force Survey; Global Insight ratios applied to determine formal/informal breakdown. *2014 split applied to 2015.
[70] Quarterly Labour Force Survey; Global Insight ratios applied to determine formal/informal breakdown. *2014 split applied to 2015.

- **Cape Town's economic geography**

Cape Town's space economy may be understood as a network of inter-connected and inter-dependent productive centres or business nodes where the vast majority of the city's firms and formal jobs are clustered (Diagram G19). Each of these nodes represent an 'ecosystem' in which businesses are established, and, over time, flourish or fail. The performance of these ecosystems has a direct impact on the livelihoods of each of the 1.46 million-strong work force and their dependents. Indirectly, the attractiveness of these nodes to businesses is capitalised into revenue for the City in the form of rates and tariffs, which in turn provide part of the necessary resources for the City to roll-out infrastructure and provide services to poor households. The City of Cape Town is committed, through the IDP to promoting a Well-Run and Opportunity City by leveraging progress through technology, positioning Cape Town as a globally competitive and forward-looking city, and through excellence in basic service delivery, specifically to informal settlements and backyarders.

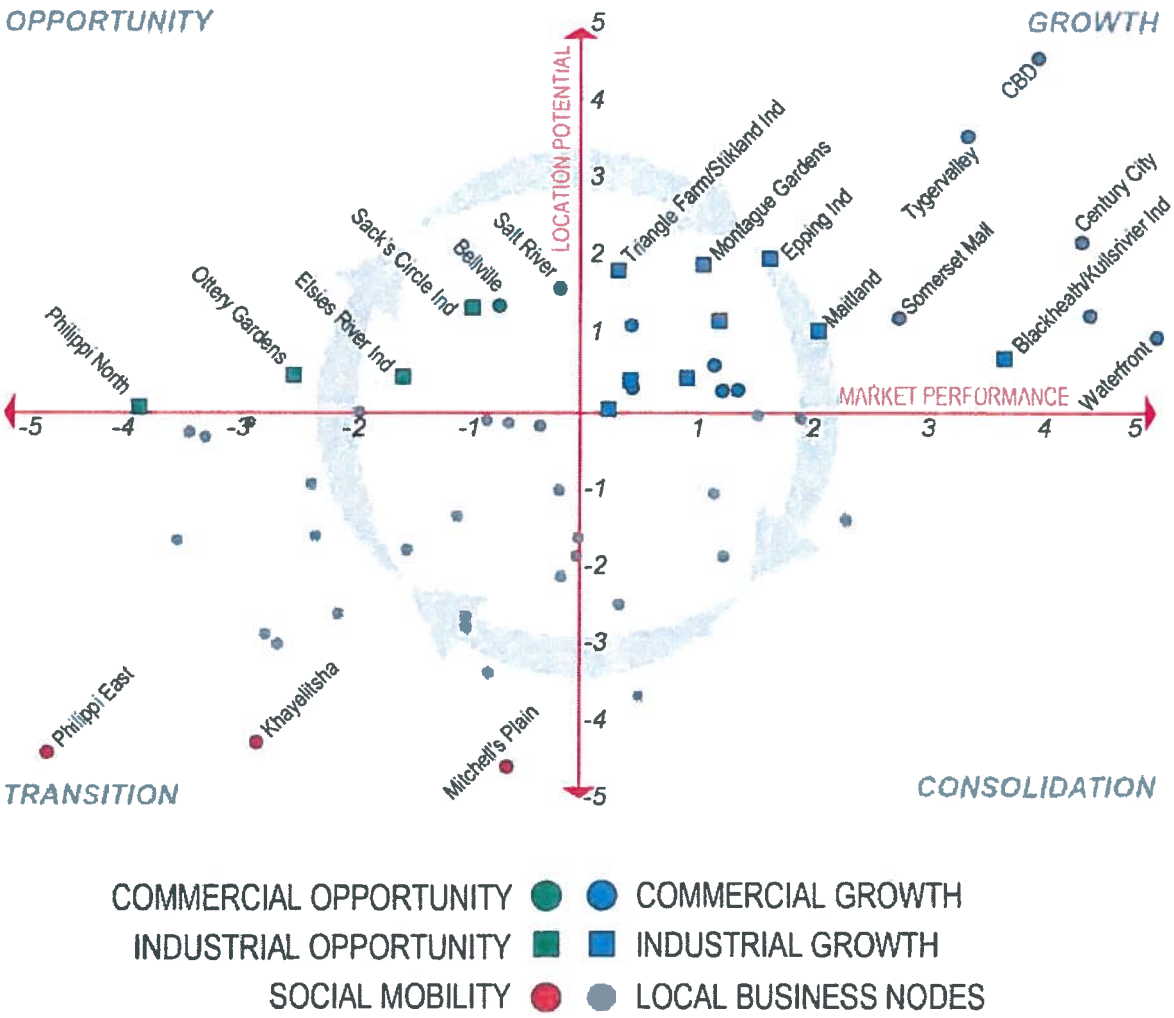


Diagram G19: Diagnostic classification of business nodes [71]

By closely monitoring and analysing the location potential[72] (i.e. unique assets and constraints) and market performance[73] of these business nodes over time the City can intervene more intelligently, tailoring responses to differentiated circumstances, and thus realising a greater prospect of

[71] City of Cape Town (2016), ECAMP Business Location Platform.
[72] Location Potential is a composite, weighted indicator which includes the scale, intensity and complexity of economic activity, room for growth, proximity to markets, skills, disposable household income and regional economic gateways, congestion, infrastructure constraints and the incidence of crime affecting businesses.
[73] Market performance is a composite, weighted indicator which includes non-residential rentals and rental growth, vacancy, building development and property sales.

success, whether retaining existing businesses or attracting new investment. Discernible trends are discussed below.

- **Spatial concentration of knowledge economy**

The space economy has entered a phase of spatial consolidation, with the knowledge economy increasingly concentrated in four business nodes: Cape Town CBD, Salt River-Woodstock, Tyger Valley and Century City (Diagram G19). Since 2005, approximately two out of three new office-bound jobs were located in these areas, despite a dramatic increase in road congestion and land values. The CBD, to which 200 000 people commute every working day, remains by far the most significant concentration of business and employment in the city and the region. It ranks alongside Sandton, Johannesburg as one of the few business locations in southern Africa with the intrinsic locational qualities required to compete successfully at a global level, attracting inward investment, visitors and scarce skills from abroad. It is an economic engine, which helps drive employment across the city because of the demand for goods and services.

The total current value of property in the CBD has grown from R6.1 billion in 2005 to R24 billion in 2014[74], generating over R250 million in property rates per month. The residential population within historical business precincts has grown significantly in recent years from almost non-existent 10 years ago to nearly 20 000 today[75]. However, the CBD is growing at a much slower rate than the less congested regional nodes of Tyger Valley and Century City, which have enjoyed the bulk of general corporate office and retail development since 2005. Investment in connective infrastructure to the CBD and the other commercial growth nodes will deepen and extend the geographic spill over of agglomeration benefits beyond their immediate neighbours and reinforce the greater inner city stretching from Maitland to Bellville.

- **Movement of blue-collar jobs**

An evaluation of overall industrial and transport sector performance in relation to spatial patterns of industrial and warehouse building development indicates that industrial activity is dispersing from established and accessible inner city industrial nodes to industrial parks on the periphery of the city. On the strength of engagements with local stakeholders and supported by infrastructure risk and crime data[76], the competitiveness of these employment centres are being undermined by rising congestion, a declining urban environment, deteriorating internal infrastructure and economic restructuring. Not only do these factors appear to overlap with a geographic move of blue-collar jobs towards the urban periphery (e.g. Saxonburg, Rivergate, and Brackengate), there is at the same time displacement of employment-rich manufacturing by lower order economic activities and warehousing.

- **Underperforming inner city nodes**

Inner city commercial nodes (e.g. Salt River, Maitland, Goodwood, Parow, Athlone CBD and Bellville) which exhibit significant potential for residential intensification are being constrained by a deteriorating urban environment, particularly in those nodes where local private resources are insufficient to co-fund an effective City Improvement District (Diagram 53). Extending effective area-based urban management to these nodes will require that the City works more closely with local stakeholders and explores differentiated institutional and funding models aimed at harnessing a broad spectrum of local private and social resources in furtherance of creating the conditions necessary for affordable residential intensification.

In terms of economic regeneration, local areas must build on their existing assets and strengths, whilst correctly understanding and addressing constraints to investment. The use of public funds for

[74] Nominal values.
[75] State of Central City Report (2016).
[76] City of Cape Town 2016. ECAMP Diagnostic Model. See Rabe et al (2015) to review location potential and market performance indices.

place-based economic interventions should be targeted at those areas where there is a chance of building a self-sustaining business node in the short-to-medium term. Carefully targeted government investment will only carry the local economy to the tipping point, after which market-led regeneration must take root to continue to attract businesses and generate employment at scale well after grant funding and incentives have shifted to other priorities[77].

Diagram G20: Non-residential development

Diagram G21 shows the number of non-residential building plan approvals as at December 2017. The location and volume of approvals display the following trends:

- Displacement of 'industrial' jobs to peripheral industrial nodes (e.g. Saxonburg, Rivergate, Brackengate);
- Cape Town's CBD remains the most significant business and employment node in the city and region, despite growing at a slower rate than Tyger Valley and Century City (since 2005);
- The knowledge economy is increasingly concentrated in four business nodes: Cape Town Central Business District (CBD), Salt River-Woodstock, Tyger Valley and Century City;
- Since 2005, two out of three new office jobs is estimated to be located in these areas;
- Bellville CBD has been affected by the shift of A-grade office accommodation and high-end retail activity to Tyger Valley; and
- Despite public investment in infrastructure and facilities private investors have continued to avoid the south-eastern areas e.g. Philippi, Khayelitsha / Delft.

[77] Moretti. The New Geography of Jobs.

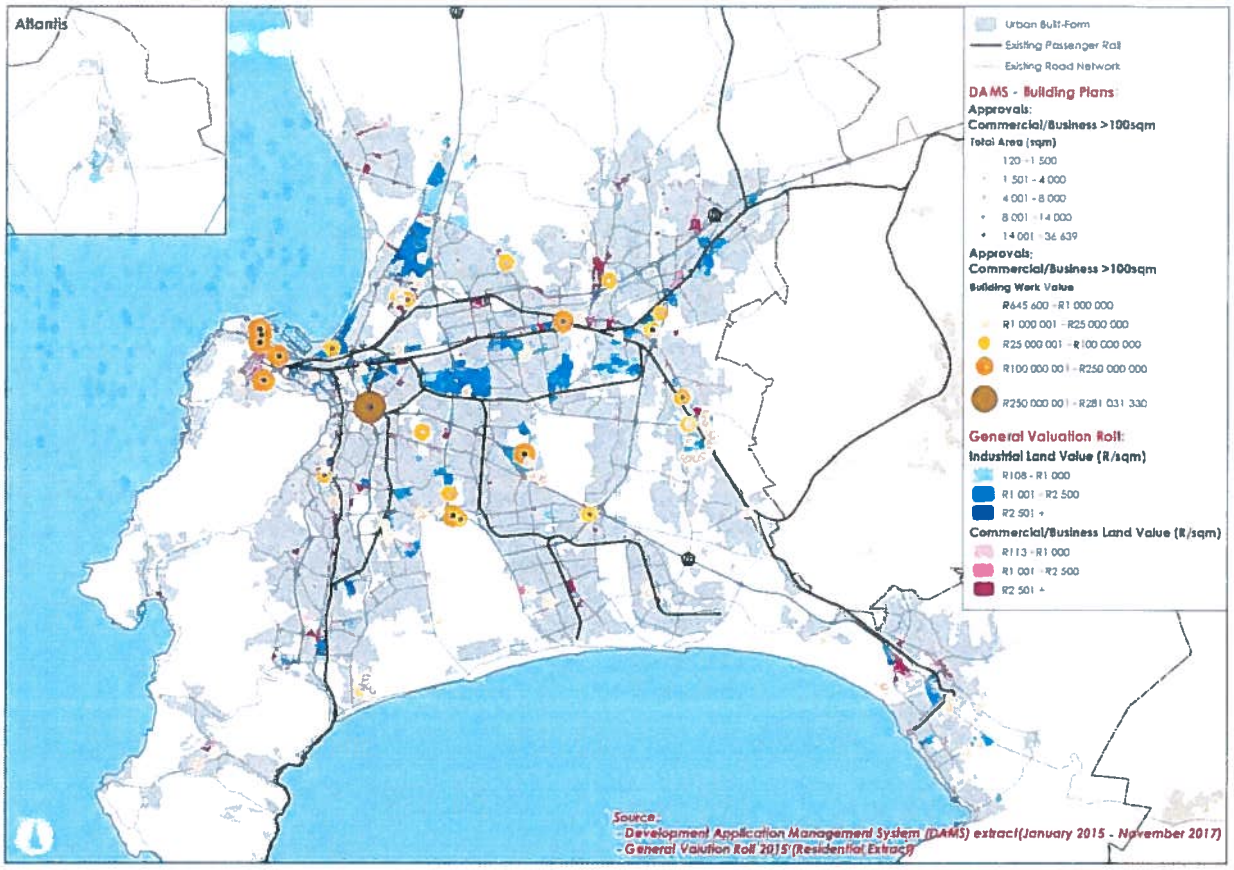


Diagram G21: Non-residential building plan approvals as at December 2017

- **Informal economies**

Efforts to strengthen township economies should be based on a clear understanding of the economic potential of particular townships. Despite significant investment in infrastructure and facilities during the last two decades, most business nodes in the Metro South-East have yet to benefit from job-generating private sector investment at scale[78]. Area-based initiatives like the Urban Renewal Programme, intended to crowd in private sector investment, have so far failed to generate employment at a scale commensurate with its cost[79]. Economic activity remains dominated by non-tradeable personal and household services, notably retail and entertainment services. The scale of these activities is limited because household incomes in townships are, on average, significantly lower than those in suburban areas; many township businesses are small and operate on very narrow margins.

Regulations on economic activity, including zoning rules, mitigate against the successful establishment and management of entrepreneurial activity. An area-based regulatory regime is needed that fosters faster growth and employment by creating a supportive environment for small business entry, survival and expansion. The interest of residents lies in ensuring the expansion of businesses and jobs in both township nodes and the city as a whole, linked to a safe, efficient and affordable public transport system. Policy should therefore focus on what it will take to get the overall urban economy to grow more rapidly and create employment at scale.

[78] City of Cape Town 2011, Analysis and Highlighting of Lessons Learnt and Best Practices in the Urban Renewal Programme.

[79] Rabe, McGaffin and Crankshaw (2015), A Diagnostic Approach to Intra-Metropolitan Spatial Planning.

- **Natural resources**
  The natural resource base is a foundation of what makes Cape Town the globally significant place it is. It is also a foundation for key economic sectors in the city economy, including tourism, commerce and industry. The city's coastline, mountains and surrounding agricultural areas contribute to a significant portion of economic activity, particularly in the service sector, and represent a positive form of economic diversification as sectors like tourism can grow in environments where other sectors fail and have a number of spin offs. The City must both ensure the sustainability of and capitalise on its natural assets to leverage greater economic benefits. As a result, one of the City's IDP priorities is to promote resource efficiency and security through a Well-Run City, and create economic inclusion through a City of Opportunity in relation to these natural assets.

5. Implications for spatial planning

Employment is about more than income: it is about social mobility and cohesion. Jobs structure people's lives, they provide self-respect, promote social inclusion, improve mental health, reduce domestic violence and correlate with a general decline in crime and gangsterism[80].

Whereas public employment programmes in Cape Town reached 40 000 people in 2014/15 (higher than any other South African metro[81], this is less than 10% of the 415 000 unemployed people in Cape Town. Cape Town needs accelerated growth that is private sector-driven, enabled by a smart local government and targeted at mass employment[82].

Cape Town should enable the efficiency and enterprise of markets to drive job-generating economic growth, making the city a more attractive place for business start-ups, investment, innovation and employment. Cape Town's economic and employment prospects are affected by but not beholden to the national economy[83] – the MSDF can influence economic growth via the levers illustrated in Diagram G22.

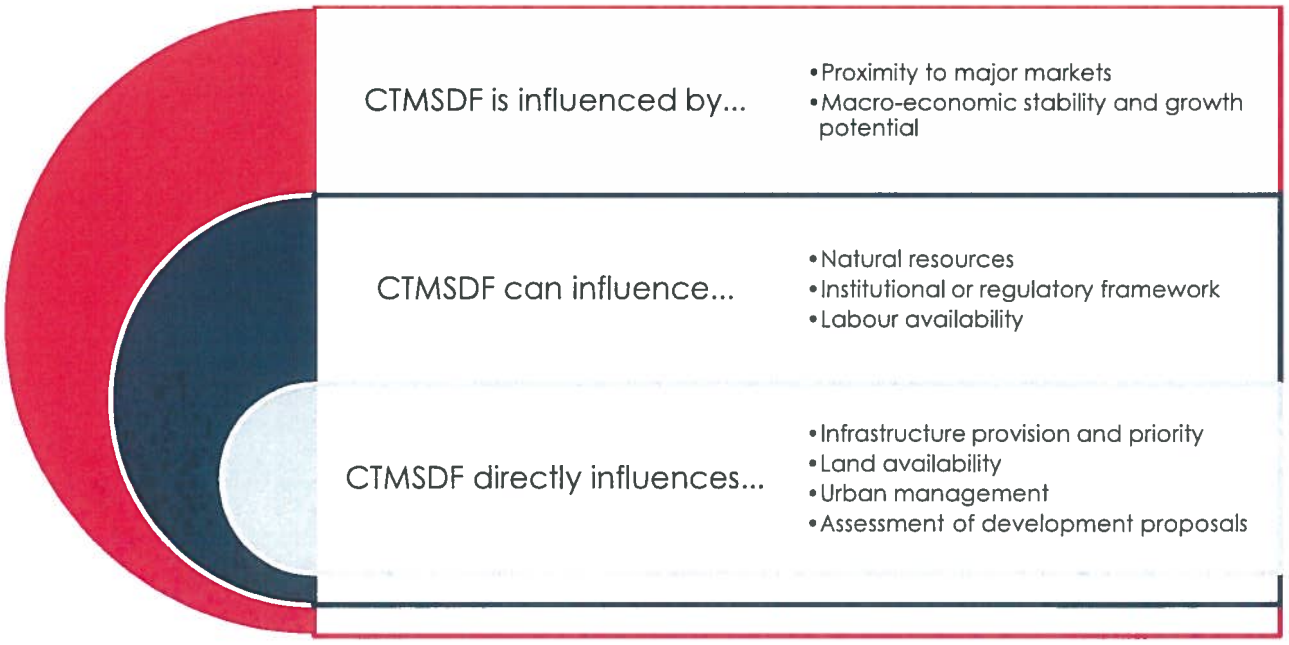


Diagram G22: How spatial policy can support economic growth

[80] De Witte et al (2012), The Psychological Consequences of Unemployment in South Africa.
[81] National Treasury City Support Programme, 2015.
[82] CDE Growth Agenda: Priorities for Mass Employment and Inclusion.
[83] World Bank.

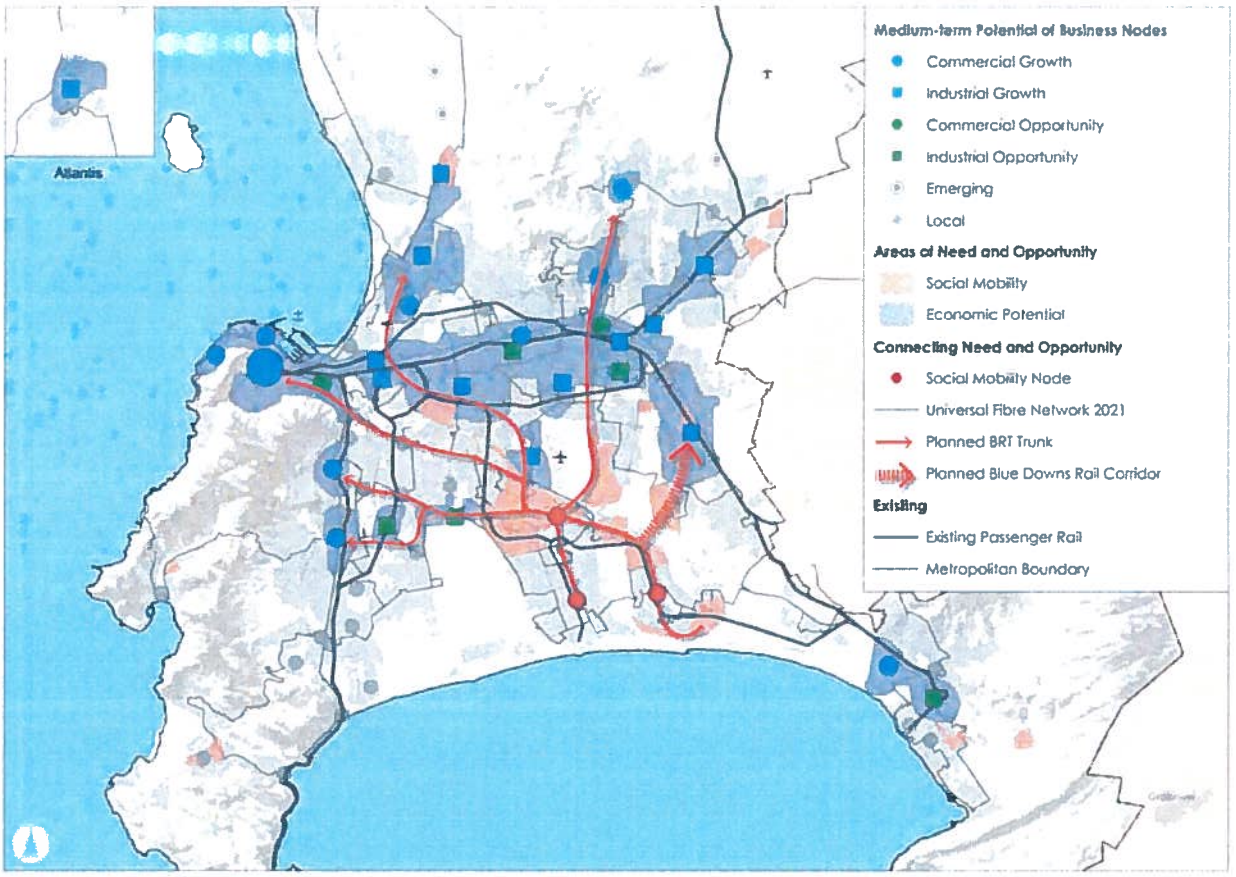


Diagram G23: Cape Town's economic geography[84]

- **Enhanced urban management**

  The observation of both residential and commercial patterns of investment since 2005 implies that that the main driver of formal, market-led densification is the growing preference for well-managed, well-located and mixed use inner city environments.

  In Cape Town, the supply of these environments is shrinking because of deteriorating urban management conditions outside of privately or partnership-managed precincts, and deteriorating levels-of-service for commuter rail. The extent to which demand outstrips supply is revealed by the extreme land price differences in managed areas and the rising levels of congestion. Thus, a sustainable mechanism available to the City to unlock affordable and efficient market-driven densification at scale is to increase the supply of high-quality inner city environments by extending the conditions for densification to other inner city nodes. This can be achieved through capital investment in connective infrastructure (e.g. reducing the cost of transport in and out of nodes and upgrading the bulk and network infrastructure for utility services) and by raising amenity through operational improvements to area-based urban management practices.

[84] City of Cape Town 2016. Diagnostic classification of business nodes based on location potential and market performance indices drawn from ECAMP Diagnostic Model based on criteria described in Rabe et al (2015). BRT trunks routes shown are not comprehensive but a subset based on connectivity between social mobility nodes and areas of medium-term economic potential. Trunk routes indicated are stylised.

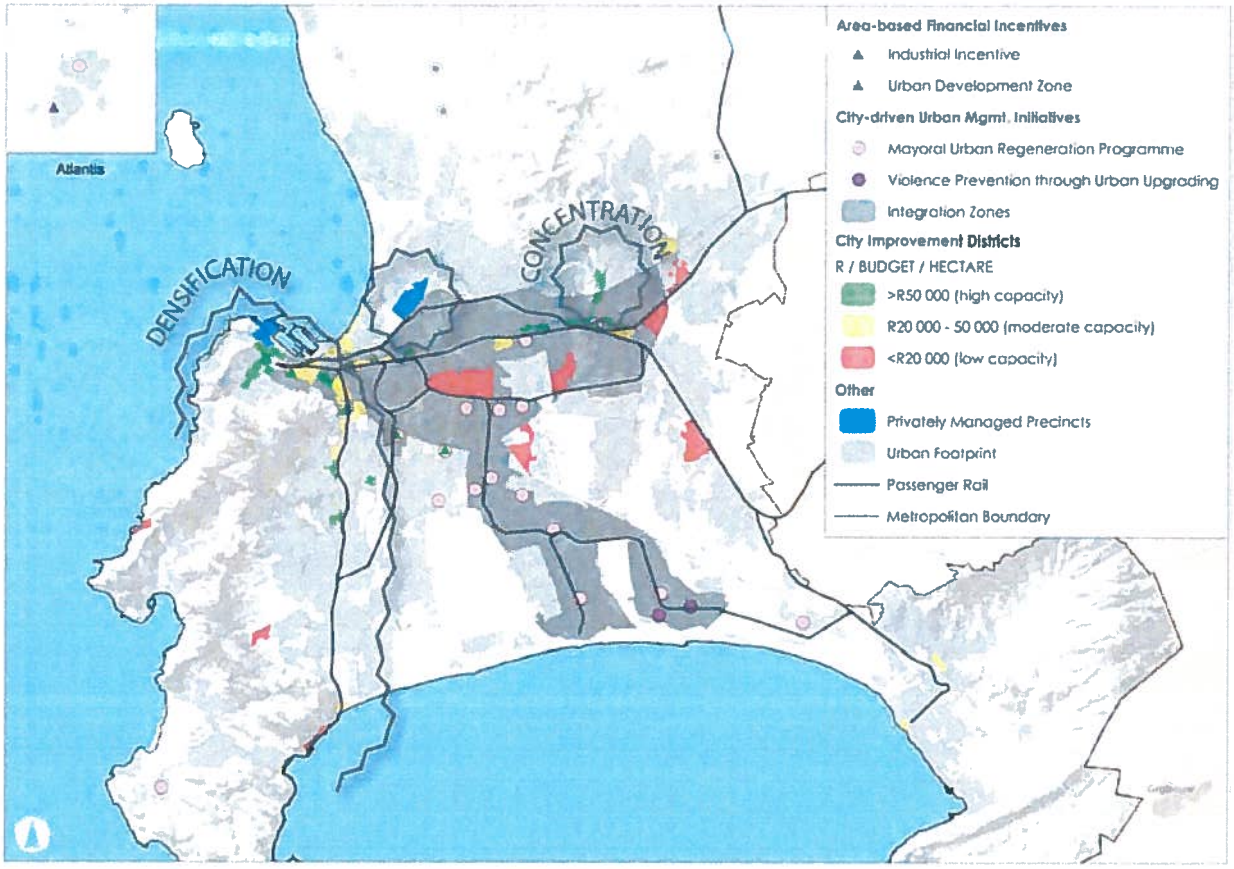


Diagram G24: Area-based urban management initiatives[85]

Currently, a limited number of the thirty-four City Improvement Districts across the city have sufficient resources to sustain effective precinct management (Diagram G24). Spatial analysis suggests that market-led densification is occurring within these limited well-performing, high amenity areas. Therefore, equitable densification – at scale, mixed use, connected and affordable – relies on the extension of effective area-based urban management practices and differentiated institutional models to support local initiatives with supplementary services, facilitation and funding (e.g. business and community improvement districts, neighbourhood watches, homeowners' associations, etc.). These approaches will in turn support and sustain the level of public transport required to make these job-creating nodes accessible. Extending area-based urban management to underperforming but well-located business nodes and corridors will result in a more economically competitive and equitable city.

- **Connective infrastructure**

"Infrastructure to facilitate economic activity is conducive to growth and job creation."
- National Development Plan

A clear economic rationale underpins the need for coordinated and sustained investment in infrastructure. Growth in income per capita depends on increased productivity, which itself depends on infrastructure, but such infrastructure can only be delivered, improved and maintained through sustained, targeted and planned investment. Investment in connective infrastructure (such as transport, bulk and digital connectivity) is a tool of spatial transformation, as it reduces the economic and social cost of spatial fragmentation and geographic distance. The City of Cape Town currently responds to this through the commitment to dense and transit-oriented growth and development, excellence in basic service delivery, as well as leveraging technology for progress in the City.

[85] City of Cape Town (2016). Corporate GIS Server.

- **Private and public transport**

Cape Town – ranking 73 out of 85 cities according to the Future of Urban mobility Index[86] – is the most congested city in South Africa, imposing a growing constraint on the wellbeing of citizens and the economic competitiveness of the city. Long travelling times to workplaces and other urban amenities contribute to low productivity levels and erode disposable incomes, especially for the poor. The R18-21 billion spent annually on fuel[87], and the loss of productivity and well-being as a result of time spent commuting, amounts to a loss to the economy. The steep increase in transport fuel consumption is driven by the growth in private passenger transport and road congestion. Although less than half the city's households own a car, private car ownership is increasing at a rate of 4% per annum (2009-2013)[88]. Factors contributing to this include the historical growth of household income, increasing sprawl, lack of adequate and safe public transport options and consumer choice. Conversely, public transport such as Metrorail, MyCiTi and minibuses transports nearly half of all city passengers daily and consume only 9% of all liquid fuel relating to passenger transport. The City has committed to addressing this by promoting dense, transit-oriented growth and development, as well as an efficient, integrated public transport system.

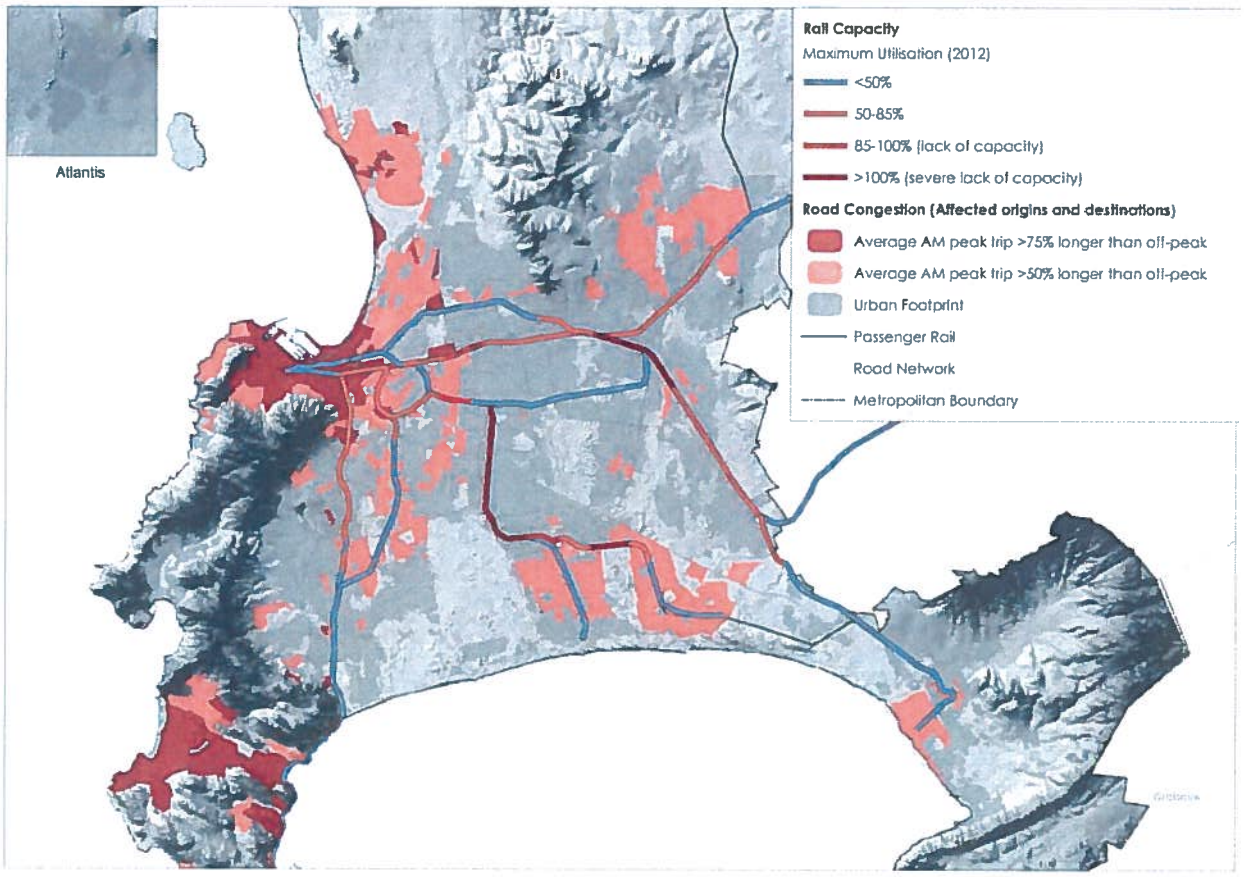


Diagram G25: Road[89] and rail congestion[90]

To address historic backlogs and meet new demand, the multiple authorities responsible for transport (SANRAL, provincial government, the City, PRASA and others) will have to coordinate and

[86] The Future of Urban Mobility Index is used to benchmark Cape Town's current mobility status from a global perspective. Quoted in City of Cape Town 2016 Transport for Cape Town TDI results.

[87] The City of Cape Town's MTIIF Spatial Costing Tool estimates that the annual operating costs for all private transport in Cape Town in 2016 is R43.5 billion.

[88] City of Cape Town Cape Town State of Energy Report.

[89] City of Cape Town (2016) Medium Term Infrastructure Investment Framework. Phase 1 Summary Report. Delays reflect road network peak period duration for origins and destination in 2015 according to iterative optimisation process conducted by AECOM 2016.

[90] Rail capacity comes from the Rail Census Report 2012. Lack of capacity is regarded as from 85% or higher.

implement transport investments to the capital cost value of over R40 billion over the medium term[91]:

- Currently the road network is experiencing significant congestion (Diagram G25) resulting in the need for major backlog investments (to the value of R5 billion) across the metropolitan area, including improvements to the N1, N2 and the extension of R300. An additional 350 km of new roads and 130 km of additional lanes will be required to accommodate private transport demand.
- Commuter rail from Strand and Khayelitsha to Cape Town are running over capacity with other services running close to capacity. It is expected that these constraints will be addressed through the PRASA modernisation programme with an estimated value of R45 billion. The inclusion of the Blue Downs Rail link is needed to accommodate future passenger demand.
- The MyCiTi IRT service currently consists of nine trunk and 31 feeder routes serving 61 681 passenger journeys per weekday[92]. The overall capital cost of rolling out the IRT service throughout the metropolitan region will be in excess of R30 billion[93]. However, this cost should be balanced against the overwhelming efficiency advantage of priority bus lanes over conventional private road transport. A priority bus lane can accommodate nearly 10 times more passengers per hour than a normal traffic lane[94]. Furthermore, innovative measures such as e-hailing, hybrid minibus taxi solutions and peak capping have the potential to significantly improve the financial sustainability of the City's rollout of its integrated public transport network. However, the long-term sustainability of public transport and the overall efficiency of the city's network infrastructure is contingent upon spatially-directed inward growth. Transit oriented-development is recognised by the City as a key instrument for ensuring better alignment of transport planning, housing and provision of urban infrastructure. [95] It is expected that this shift will help support, and be supported by, the City's strategic focus on spatial transformation – improving connectivity within Cape Town as a way to reduce the tremendous social and economic burden that geographic distance and fragmentation imposes on households and firms.

- **Bulk services**

The City is aware of the extent and quantum of the infrastructure network challenges highlighted in the main body of the MSDF. Recent rates of infrastructure investment do not appear to have been sufficient for the long-term needs of Cape Town's economy. Not only have historically low levels of investment, compared to international benchmarks, led to an accumulated backlog of R6.9 billion shared between the City, the state and state-owned enterprises[96], but it is anticipated that new bulk infrastructure requirements over the medium-term will be substantial, estimated at R16.2 billion:

- The total water demand for the entire metropolitan region has remained roughly the same over the last 15 years, despite substantial population and economic growth. This was achieved by effective demand management measures of which pressure management and water tariff hikes were the most effective. This decrease in water demand assists the City in meeting long-term water supply goals.
- Water consumption is projected to grow from roughly 940 mega litres (ML) per day to 1,270ML by 2032. In addition, drought events have highlighted the need to augment the current water supply. The City will need to develop further resources such as water recycling and inter-catchment transfers, extraction from the Table Mountain Group aquifer, and thereafter energy intensive desalinisation. Although the capacity of the water network is adequate in most areas, a severe lack of capacity is experienced in localised areas and specifically the Milnerton, Brakkloof and Mountainside supply zones. The most significant upgrade required is the Bulk Water Augmentation Scheme (BWAS), which entails roughly 60% of the overall medium-term water infrastructure cost.

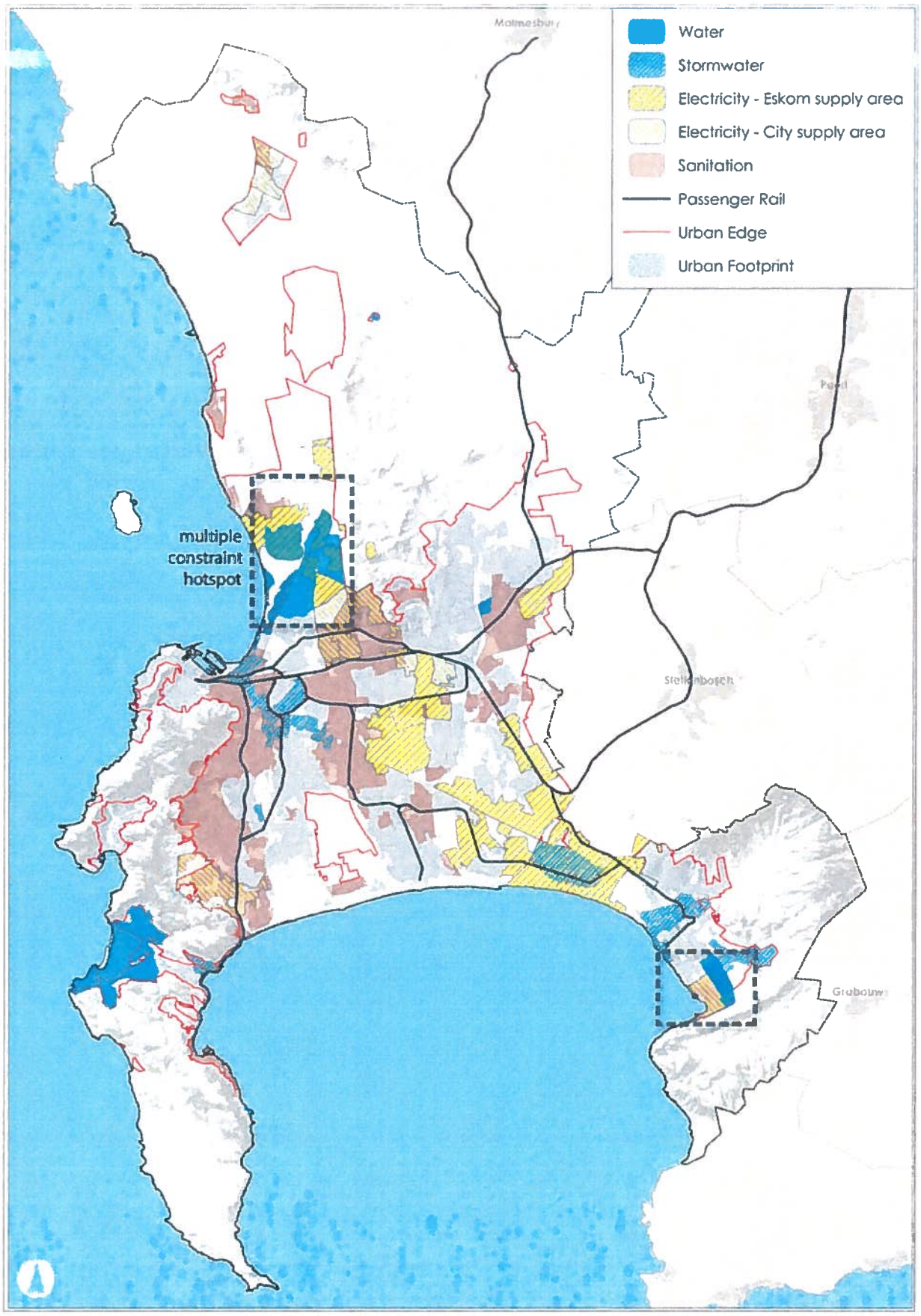
[91] City of Cape Town (2016), MTIIF Phase 1 Draft Summary Report. Excludes PRASA's Rail Modernisation Programme
[92] MyCiTi Operations Report (July 2016).
[93] City of Cape Town (2016), MTIIF Phase 1 Draft Summary Report.
[94] City of Cape Town (2016). IPTN Business Plan Presentation. 30 September.
[95] Integrated Urban Development Framework (IUDF)2016 and TOD Strategic Framework (City of Cape Town) 2015.
[96] City of Cape Town 2016. Medium Term Infrastructure Investment Framework. Phase 1 Summary Report. Excludes the R40bn PRASA Modernisation Programme.

- A large proportion of existing stormwater infrastructure across Cape Town is over 60 years old and in need of rehabilitation, refurbishment and replacement. There is therefore a risk that a large proportion of future development taking place within the older parts of Cape Town will be constrained by the poor condition of existing bulk stormwater infrastructure.
- A number of areas within Cape Town experience sanitation network constraints, with severe constraints experienced in the drainage areas of Athlone, Bellville, Cape Flats, Gordon's Bay, Potsdam, Simonstown, Atlantis and Zandvliet waste water treatment works.
- Cape Town's electricity network is constituted by both City of Cape Town and Eskom supply areas. Of the City's 82 substations, 13 are at capacity. Of Eskom's 57 substations, 17 are at capacity.
- Although the City's landfills have adequate capacity for immediate disposal, the current banked airspace is significantly lower than the minimum international guideline of 15 years. Longer-term there should be a move towards a circular economy where materials are reused or recycled rather than thrown away. This could result in significant environmental and economic benefits but will require significant additional investment either by the City or in partnership with the private sector. The development of alternative waste treatment facilities is required to divert waste and reduce the amount of waste transported to the landfill site for disposal. These facilities should be constructed within the urban edge for accessibility by the public, without compromising the prescribed buffer distance.

- **Digital connectivity**

Cape Town's s broadband project is an example of the innovative adoption of network technology. Starting with a high speed, high capacity core network linking 300 City, 64 provincial and 30 private buildings, the project demonstrated an initial 3 000-fold increase in bandwidth speed and a 77% return[97] on investment because of the cancellation of rented data and telephone lines as well as revenue generation[98]. The network is now being expanded to connect all remaining 572 government buildings and 143 schools, to enable economic development through digital inclusion in underserved areas and to boost the productivity of businesses[99]. Once completed in 2021, the network of 1 500 km of cables, 55 switching facilities, 1 000 public Wi-Fi zones and a connection capacity of at least 1 Gbps will equip Cape Town with a basic platform to serve its needs for several decades. In recognition of this need, the City aims to position Cape Town as a forward looking globally-competitive city, by leveraging technology for progress in order to promote an Opportunity City as stated in the IDP.

[97] Based on a 14% usage of the network capacity.
[98] City of Cape Town Review of Broadband Project (November 2015).
[99] Sectors that are highly dependent on good connectivity include business process outsourcing (estimated to employ 41 000 people in the Western Cape and 12 000 in the CBD alone), publishing and film media – all significant, job-intensive growth sectors in Cape Town.



Map G2: Current infrastructure constraints (as at 2016) [100]

[100] City of Cape Town 2016: Medium Term Infrastructure Investment Framework. Phase 1 Summary Report. Areas characterised by high or very high level of infrastructure constraint.

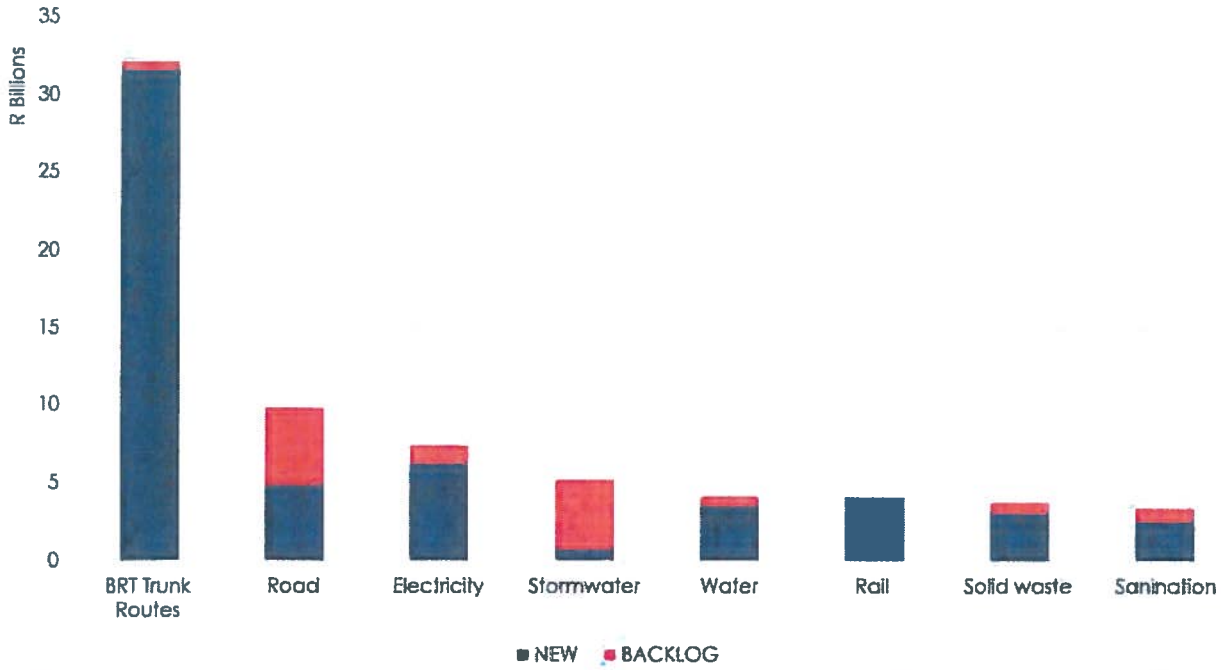


Diagram G26: Current infrastructure backlogs and capital cost of new infrastructure to 203 [101]

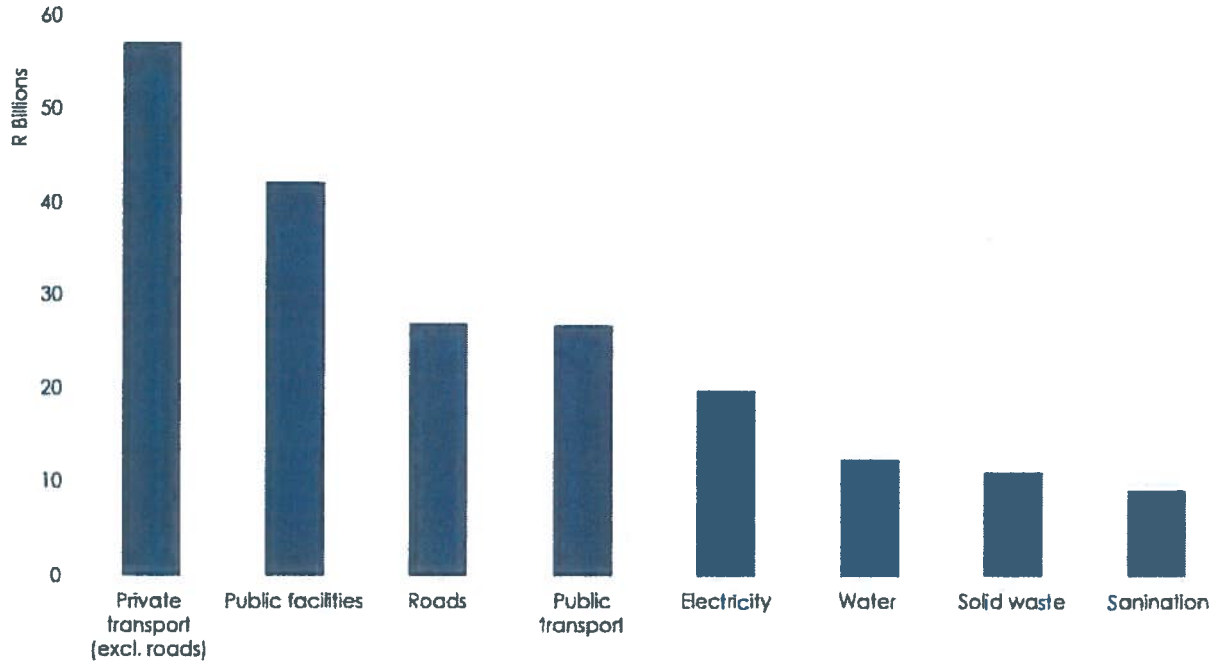


Diagram G27: Net Present Value of 20-year operating costs for new infrastructure and services

[101] City of Cape Town 2016: Medium Term Infrastructure Investment Framework. Phase 1 Summary Report. Excludes PRASA rail modernisation programme. Reflects costs shared by City, state and state-owned entities.

- **Fiscal sustainability**

"There is a need for greater efficiency in all areas of government expenditure, because the overall envelope is likely to grow relatively slowly over the medium term." - National Development Plan

Local government is under acute pressure to mitigate the social impacts of adverse macro-economic conditions. Consequently, many cities have fallen into debt causing slower service delivery and fewer resources to dedicate to infrastructure maintenance. There is a growing recognition that fiscal sustainability depends on cities doing more with less through greater spatial and resource efficiency.

Municipal financial sustainability is defined as "the financial ability to deliver services, develop and maintain the infrastructure required by its residents without unplanned increases in rates and taxes or a reduction in the level of services and the capacity to absorb financial shocks caused by natural, economic and other adversities without external financial assistance"[102].

An independent evaluation of Cape Town's financial stability in terms of its financial position, operating performance, indebtedness and liquidity position is presented here.

Cape Town's performance score is based on it having a R4.4 billion operating surplus in 2014/15 and the fact that is has a revenue collection rate of 96%. The municipality has sufficient cash reserves in spite of the fact that it has increased its infrastructure expenditure. The City's debt burden is moderate and it may be able to increase borrowings to expand infrastructure investment.

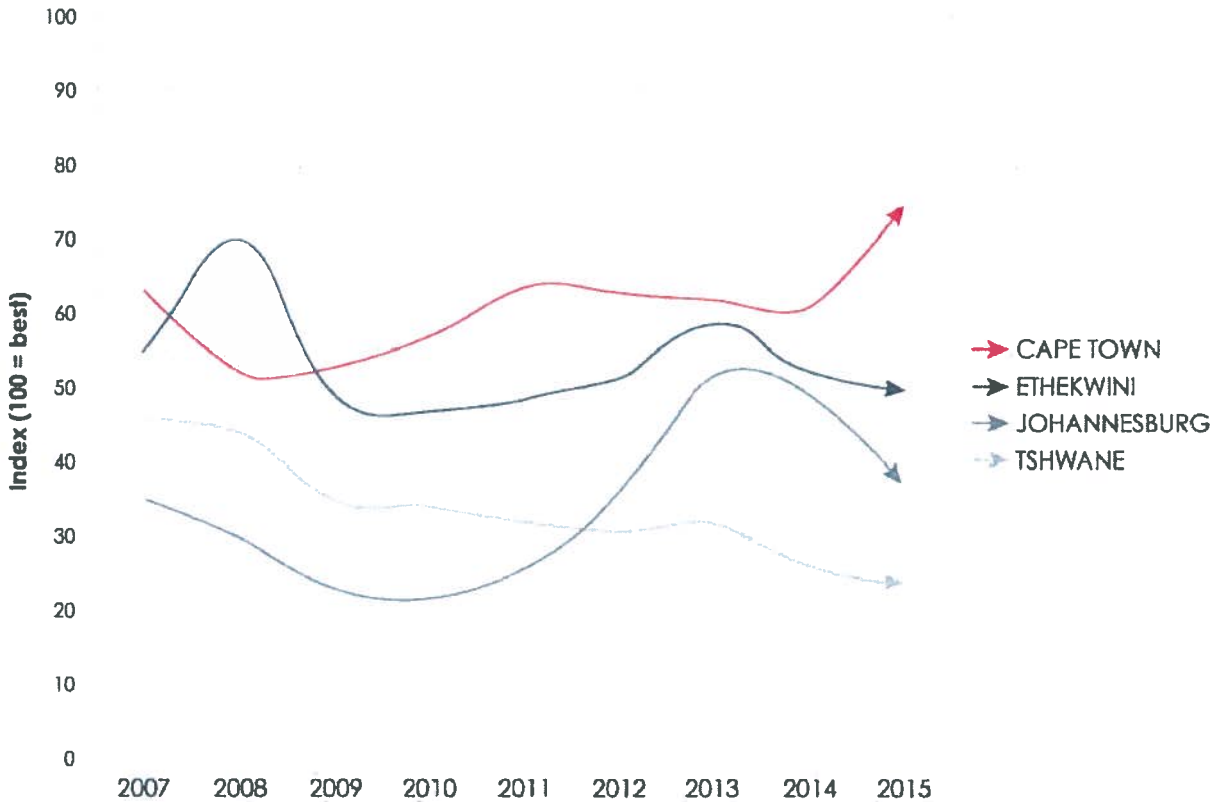


Diagram G28: Municipal Financial Sustainability Index (Ratings Afrika, 2016)

[102] Ratings Afrika, 2016.

- **Renewal of municipal assets**
  Given the long life and slow rate of deterioration of infrastructure, it is often believed that infrastructure is in good working order and will remain so. This partly explains why maintenance is seldom considered a priority in budgets and in spending – as long as infrastructure continues to function there is no sense of urgency in caring for it. Then, towards the end of its life, the deterioration in condition rapidly accelerates. A ten-year review of expenditure indicates that 60% of the City's capital expenditure has been on new assets, 28% on the upgrading of assets and only 12% on asset renewal. Although this is below the ideal target of 48%[103], it is within the acceptable guidelines determined by National Treasury. Municipal asset renewal is important, and the City must guard against neglecting it as a priority in the future. At City level, enhancing efficiencies in expenditure and upkeep requires better data, which in turn, will only be available once a full lifecycle asset management system is put in place. Through the IDP the City has stated that it is committed to promoting excellence in basic service delivery. Nationally, grant frameworks will in future allow for the refurbishment of assets, recognising the long-term nature of municipal infrastructure[104].

- **5.8 Resource efficiency**
  The City of Cape Town has identified the need for resource efficiency and security though the IDP. The sustainable utilisation of resources like water, energy and land is essential to the economic life of Cape Town[105]. A ten-year review of resource consumption confirms that Cape Town's economy and households are becoming resource efficient, using less electricity, water and land relative to the size of the economy or population (Diagram G29). Of concern, however, is the dramatic increase in fuel consumption during this period.

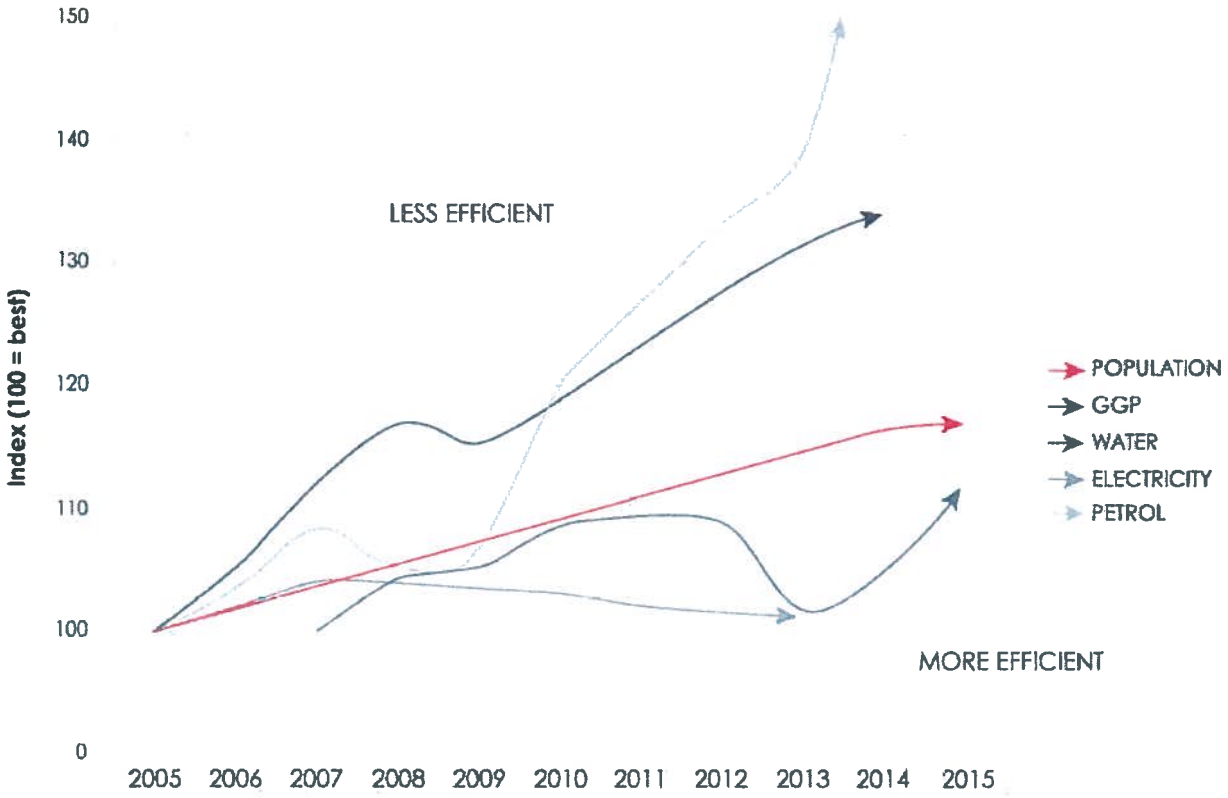


Diagram G29: Cape Town's resource efficiency[106]

[103] Medium Term Infrastructure Investment Framework, Summary Report.

[105] Economic Growth Strategy.

[106] City of Cape Town (2016). Population Statistics South Africa, Mid-Year Estimates 2014; GGP, Quantec (2016) Regional output by basic prices; Water, City of Cape Town Water Consumption Data; Petrol, Sustainable Energy Africa; Electricity, Cape Town State of Energy Report 2015.

- **Climate change and carbon targets**

  Urban areas will increasingly come under pressure from climate change – rising temperatures will lead to an increased demand for energy for air conditioning, there will be health impacts from extreme weather events, damage to infrastructure and deteriorating aquatic health whilst changing rainfall patterns will create challenges in water resource management and stormwater handling with knock-on effects in terms of food security. Intensification of storms and winds will also increase the risk of damage to buildings and infrastructure. Although climate change is likely to be one of the biggest challenges of our time, it should not be viewed as an impending disaster that will happen all at once but rather a slow process of incremental change. The compounding effect of carbon-intensive development patterns, progressive deterioration of natural ecosystem services and the inefficient resource use by people against a general backdrop of slowly increasing climate pressures provide motivation to commit to further policy responses.

  To mitigate these impacts, changes will have to be made in spatial planning and building standards to improve resource efficiencies. Options that increase the adaptive capacity of communities and economic activities, reduce exposure to risk and create long-term efficiencies are required.

  Although the City has managed to reduce water consumption, drought events and climate change require that further efforts are made to find and sustainably utilise alternative sources of water. The City's aquifers have been identified as a significant source of water and exploratory drilling is underway. However, the Cape Flats aquifers cannot be utilised sustainably without being recharged. Reducing and limiting contamination of the aquifers and identifying and protecting key aquifer recharge areas is therefore imperative. Opportunities to achieve aquifer protection objectives should be sought in both spatial planning and development/landscape design strategies and policies.

  Opportunities that arise out of climate change adaptation, and that can affect the City's operations, are mostly related to energy generation and supply. The region has opportunities for high potential wind energy and possible future gas import facilities at Saldanha. There is a rising demand for less carbon intensive and renewable energy as evidenced by direct investment in these sectors, the facilitation of similar private sector investment and the adaptation of local products to the use of alternative forms of energy. Development in general needs to take heed of the opportunities afforded by the 'green economy', especially in respect of the service sector and tourism.

Notwithstanding efficiency gains in some sectors in recent years, the City's energy model indicates that a business-as-usual trajectory would result in a doubling of energy consumption and emissions by 2040[107]. Such a future will make Cape Town extremely vulnerable to external impacts and shocks and increased emissions would further contribute to human-induced climate change. The economy would be placed under pressure due to unsustainable cost burdens.

The current electricity supply constraints, tariff increases, and increased burden of traffic congestion, increasing fuel costs and the battle to transform the city spatially need immediate as well as long-term solutions. If a business-as-usual approach were to continue, the majority of Cape Town's energy would be generated from fossil fuels with dependency on a single utility (Eskom). Residents would experience severe energy poverty and carry huge cost burdens. The city would continue to sprawl with the poor situated on the margins. Transport would dominate the energy footprint and increasing private car ownership with low occupancy levels would increase major traffic congestion.

Spatial policy must support the City's efforts to address vulnerabilities through actions aimed at improving energy efficiency and renewable energy in municipal operations. These include the prioritisation of inward growth on the back of investment in public and non-motorised transport, encouraging embedded renewable electricity generation in the commercial and residential sectors, and providing the required planning support to the diversification of large-scale energy supply with solar, wind, energy storage solutions and possibly natural gas.

[107] City of Cape Town (2015), 2040 Energy Vision.

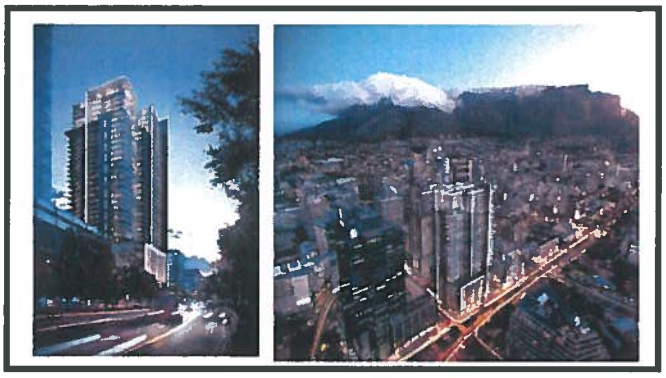
FWJK

Date: 13th August 2021

The District Manager
Table Bay District
P O Box 4529
CAPE TOWN
8000

Attention: Mr Marx Mupariwa

Dear Mr Mupariwa,



RE: THE VOGUE: BUITENGRACHT STREET, CAPE TOWN: IMPACT OF HIGH COURT CHALLENGE AGAINST THE CITY AND FWJK DEVELOPMENTS

This letter addresses the critical impact of a High Court legal intervention by an activist group which led to the failure of our development known as The Vogue which we have expressed in terms of job losses, damages in respect of delays in construction commencement and the like.

During September 2019 Ndifuna Ukwazi (NU) brought a High Court action against the City of Cape Town and included FWJK Developments as the Fourth Respondent. This was at a stage where approximately 6 months earlier, we had successfully been through an Appeal process in respect of departures sought for this development which had been approved by the City. We were about to commence with demolition works when the Notice of Motion was served on the City and ourselves. This project, with a development cost of R1,4 billion was stopped dead in its tracks through this action by NU.

It is common cause that a developer has to inform the development bond holder, in this case Investec Bank, of any civil action that may be brought against the developer which FWJK duly did, and Investec Bank summarily informed us to halt any construction works as they advised that no development finance would not be advanced until such time as the matter had been resolved in the High Court.

Simultaneously, FWJK had to inform all of our purchasers of this delay and most of them understandably requested a refund of their deposit, effectively bringing an end to 4,000 on and off-site jobs that would have been created through the construction process over a three-year development period.

The financial impact of a one-month delay in the commencement of the project as a result of cost escalations, running interest costs, lost opportunities and abortive professional fees would total almost R30 million per month of delay in addition to the economic loss of jobs and the cancellation of the land purchase agreement. In the case of The Vogue, the cancellation of the entire project resulted in a loss of R80 million excluding the economic loss of jobs and the cancelation of the land purchase agreement.

The frustration experienced by developers caused by this sort of action by activist groups is causing catastrophic financial consequences for the economy of the Western Cape and the tragedy of The Vogue in particular was that NU finally reached a settlement with the land seller for the payment of R9 million after having created such carnage behind them including wasted legal costs for the City and massive losses for the developer and the business community and labour market at large. NU withdrew their Notice of Motion some nine months later but it was all too late.

Yours faithfully,

DAVID GERALD WILLIAMS-JONES
CMS MANAGEMENT SERVICES cc