



WCIP 2050 DOI

EXECUTIVE SUMMARY **REPORT**

IAM: Leeuloop Precinct Development



Sector
Social



Department
**Department Of
Infrastructure**



Project Owner
Lindelwa Mabuntane



Reference ID
**LEEULOOP/DOI/SOCI
AL/101**



Programme
**Economic
Infrastructure
Development**



Project Manager
Lindelwa Mabuntane



Contents

1. Executive Summary

- 1.1 High-Level Project Overview
- 1.2 Vision
- 1.3 Problem Statement (5W1H Model)
- 1.4 Unique Value Proposition (UVP) & Competitive Advantage
- 1.5 Strategic Significance
- 1.6 Expected Impact
- 1.7 Key Stakeholders
- 1.8 Investment Opportunity

2. Project Description & Strategic Case

- 2.1 Project Scope (Description)
- 2.2 Project Relevance, Need & Objectives
- 2.3 Justification & Needs Analysis
- 2.4 Sector-Specific Analysis
- 2.5 Market Size & Demand Analysis
- 2.6 Benefits & Desired Outcomes
- 2.7 Socio-Economic Analysis
- 2.8 SWOT Analysis
- 2.9 Risk Statement & Sensitivity Analysis
- 2.10 Key Business Drivers (WHY) & Inputs

3. Project Status & Implementation Readiness

- 3.1 Current Phase of Development
- 3.2 Readiness for Procurement
- 3.3 Regulatory and Environmental Approvals
- 3.4 Community and Stakeholder Engagement

4. Governance, Policy & Enabling Environment

- 4.1 Legal and Regulatory Framework
- 4.2 Government Policies & Roles
- 4.3 Investment Needs & Policy Incentives
- 4.4 Program & Policy Alignment

5. Economic & Commercial Viability

- 5.1 Value-for-Money Assessment

- 5.2 Cost-Benefit Analysis (CBA)
- 5.3 Risk Evaluation & Contingent Liability
- 5.4 Economic Multipliers & Macroeconomic Benefits
- 5.5 Economies of Scale
- 5.6 Cost-Effectiveness Analysis (CEA)
- 5.7 Social & Economic Analysis

6. Financial Requirements & Funding Strategies

- 6.1 Total Project Cost Breakdown
- 6.2 Funding Sources
- 6.3 Revenue Models
- 6.4 Innovative Financing Mechanisms
- 6.5 Budget Statement
- 6.6 Procurement Statement

7. Project Feasibility, Approvals & Infrastructure Planning

- 7.1 Feasibility Study Findings (Technical Options Analysis)
- 7.2 Master Plan Integration
- 7.3 Options Analysis
- 7.4 Summary of Options Considered

8. Delivery Mechanism & Procurement Strategy

- 8.1 Phased Implementation
- 8.2 Procurement Methods
- 8.3 Bidding Process
- 8.4 Supplier Selection
- 8.5 Risk-Sharing Mechanisms
- 8.6 Supervision, Reporting & Evaluation
- 8.7 Implementation Strategy
- 8.8 Project Timeline & Deliverables
- 8.9 Outcomes & Monitoring and Evaluation Framework

9. Project Communication & Stakeholder Engagement

- 9.1 Investor Engagement Strategies
- 9.2 Community Participation
- 9.3 Government and Regulatory Interactions
- 9.4 Collaboration & Partner Strategy
- 9.5 Public Interest Considerations

10. Special (e.g. Gender) Procurement Actions & Social Impact



- 10.1 Gender-Responsive Procurement
- 10.2 Social Benefits & Value
- 10.3 Sustainability and Environmental Compliance
- 10.4 Legal and Technical Due Diligence

11. Operations & Maintenance Strategy

- 11.1 Long-Term Asset Management
- 11.2 Performance Monitoring
- 11.3 Digital Technology Leverage
- 11.4 Resilience Planning and Climate Adaptation
- 11.5 Institutional & Operational Readiness

12. CONCLUSION & CALL TO ACTION

1 Executive Summary

1.1 High-Level Project Overview

The Leeuloop Precinct Development is a strategic mixed-use urban regeneration initiative proposed by the Western Cape Government on a provincially owned property located within the Cape Town Central Business District (CBD). The project seeks to unlock the value of underutilised public land by delivering a high-density mixed-use development comprising social housing, open-market residential accommodation, commercial office space, retail facilities and supporting public realm improvements.

The development represents a flagship opportunity to demonstrate how public assets can be leveraged to simultaneously address housing affordability, stimulate economic growth, attract private sector investment and advance spatial transformation objectives. Through a structured public-private partnership approach, the project aims to create a sustainable and inclusive urban precinct that contributes to long-term economic and social development.

1.2 Vision

To establish Leeuloop as a benchmark world-class, integrated, net-zero carbon ready urban precinct that seamlessly fuses social equity with private-sector dynamism, setting a template for sustainable smart-city developments across Southern Africa by 2030 in direct alignment with the 2050 Western Cape Infrastructure Plan (WCIP).

1.3 Problem Statement (5W1H Model)

What is the problem?

Cape Town faces a critical shortage of affordable and social housing within well-located urban areas. Rising property prices, limited land availability and increasing urbanisation have created significant barriers for lower and middle-income households seeking accommodation close to employment opportunities.

Who is affected?

The primary beneficiaries are lower and middle-income households, key workers (teachers, nurses, police officers), young professionals and economically active residents who are currently excluded from the Cape Town CBD housing market. Secondary beneficiaries include businesses, government institutions, investors and the broader metropolitan economy.

Where does the problem occur?

The challenge is particularly acute within the Cape Town CBD and surrounding urban core, where land scarcity and escalating development costs have constrained the supply of affordable residential opportunities.

When does the problem occur?

The housing affordability challenge is ongoing and continues to intensify as population growth, urbanisation and economic activity increase demand for centrally located accommodation.

Why does the problem exist?

The problem stems from a combination of historic spatial planning patterns, insufficient affordable housing supply, escalating property values, limited public land development and growing demand for accommodation within economic centers.

How will the project address the problem?

The Leeuloop Precinct Development will deliver a mixed-use development containing over 830 residential units, with a minimum of 35% allocated to social housing. Through a cross-subsidisation model, open-market residential and commercial components will support the financial viability of the social housing component while ensuring long-term sustainability.

1.4 Unique Value Proposition (UVP) & Competitive Advantage

The Leeuloop Precinct Development presents a unique opportunity to unlock the value of strategically located government-owned land while delivering measurable social and economic outcomes. The project combines commercial viability with developmental objectives by integrating social housing, market housing, retail and office components within a single high-density urban precinct. Unlike traditional housing developments, the project leverages private sector capital to achieve public policy outcomes, reducing the direct fiscal burden on government while creating a sustainable development model that can be replicated across the province.



Competitive Advantage

The project benefits from several competitive advantages, including its location within the Cape Town CBD, proximity to employment opportunities and public transport infrastructure (MyCiTi Bus, Metrorail, and taxi ranks), existing mixed-use zoning rights and strong market demand for residential accommodation. The availability of government-owned land significantly reduces land acquisition costs and creates a unique opportunity to deliver social housing in a location where such opportunities are increasingly scarce.

1.5 Strategic Significance

The **IAM: Leeuloop Precinct Development** directly supports national, provincial and municipal objectives relating to housing delivery, economic growth, urban densification and spatial transformation. The project aligns with government efforts to create integrated human settlements, promote inclusive economic participation and optimise the use of public assets.

National & Sector Strategy Alignment

- National Development Plan (NDP 2030)
- National Infrastructure Plan

Documented Alignment Evidence

Direct alignment with Chapter 8 of the National Development Plan (NDP) targeting spatial transformation and the 2050 Western Cape Infrastructure Plan (WCIP) strategic pillar of infrastructure-led job growth and compact urban forms.

Legal Mandates & Policy Frameworks

- Occupational Health and Safety Act
- Public Finance Management Act (PFMA)

Mandate Delivery Statement

Fulfills the legal mandates under the Social Housing Act (Act 16 of 2008) and the Western Cape Land Administration Act, utilizing public land assets for maximal public good.

Public Value Need Statement

The development directly addresses the wicked challenges of spatial apartheid and urban sprawl by providing safe, affordable housing in the inner city. By increasing access to well-located accommodation, the project promotes more inclusive urban development and supports equitable access to economic opportunities, services, and amenities.

Citizen Impact Assessment

The development is expected to reduce commuter travel times by up to two hours per day per household and decrease household transport expenditure from approximately 40% to less than 15% of disposable income. These improvements will enhance residents' quality of life, increase disposable income, and provide greater time for family, education, and economic activities.

Urgent Challenges Addressed

- High unemployment (especially youth)
- Infrastructure decay / maintenance backlog
- Economy Stagnation / Slow Growth

Challenge Context & Project Response

The Leeuloop Precinct Development responds to several urgent and interconnected challenges that require immediate intervention to achieve national, provincial, and municipal development objectives.

1. Acute Shortage of Affordable Inner-City Housing

Cape Town's CBD and surrounding precincts face a severe shortage of affordable housing. Current demand is estimated at 45,000 units, with demand continuing to grow at approximately 4.5% per annum. The limited supply of affordable housing excludes low- and moderate-income households from accessing accommodation close to employment opportunities, services, and amenities.

2. Persistent Spatial Apartheid and Urban Fragmentation

Historic spatial planning patterns continue to separate lower-income households from economic centres. Many workers are compelled to live on the urban periphery, reinforcing socio-economic exclusion, unequal access to opportunities, and spatial inequality. Without intervention, these patterns will continue to undermine social cohesion and inclusive economic growth.

3. Rising Household Transport Costs

Many working-class households spend approximately 40% of their disposable income on transport costs due to long commuting distances

between residential areas and employment centres. These costs place significant financial pressure on households and reduce disposable income available for food, education, healthcare, and other essential needs.

4. Excessive Commuting Times and Reduced Productivity

Workers residing far from the CBD often experience lengthy daily commutes. In some cases, households spend up to two additional hours per day travelling to and from work. This reduces quality of life, limits family and educational time, and negatively affects worker productivity and wellbeing.

5. Underutilisation of Strategic Public Assets

The site is currently used primarily for surface parking and storage, resulting in a significant underutilisation of a strategically located public asset. This represents a missed opportunity to leverage public land to deliver housing, economic development, employment creation, and broader public value.

6. Economic Exclusion of Low-Income Workers

Although the Cape Town CBD contributes approximately 25% of the Western Cape's economic output, many lower-income workers remain excluded from living near employment opportunities due to unaffordable property and rental prices. This weakens labour market efficiency and perpetuates inequality.

7. Growing Social Housing Backlogs

The demand for social and affordable housing continues to outpace delivery, resulting in persistent housing backlogs. Without accelerated investment in well-located housing developments, the gap between housing demand and supply will continue to widen.

8. Need for Sustainable and Climate-Resilient Urban Development

Cape Town faces increasing climate-related risks, including water scarcity, drought conditions, and energy security challenges. New developments must therefore incorporate sustainable design principles and climate-resilient infrastructure to support long-term environmental sustainability.

9. Unemployment and Limited Economic Opportunities

South Africa continues to face high levels of unemployment, particularly among youth and historically disadvantaged communities. There is an urgent need for infrastructure investments that create jobs, support local SMMEs, and stimulate economic activity while delivering long-term social benefits.

Strategic Imperative

The Leeuloop Precinct Development addresses these urgent challenges through the delivery of 291 social housing units, the creation of approximately 5,540 jobs, improved access to economic opportunities, reduced household transport costs, and the transformation of an underutilised public asset into a sustainable, mixed-use development that advances spatial justice, economic inclusion, and long-term public value.

1.6 Expected Impact

Service Improvement Areas

- Expanded service coverage / reach
- Increased service accessibility

Service Improvement Metrics (Measurable Targets)

- Delivery of **291 highly subsidized social housing units**.
- Management of all units by an **accredited Social Housing Institution (SHI)**.
- Achievement of **100% occupancy within three months of project completion**.

Institutional Changes

- Strengthened governance structures
- Inter-departmental collaboration systems
- Risk management frameworks

Transformation Plan & Implementation Approach

- Establishment of a proactive Intergovernmental Joint Steering Committee comprising the Western Cape Government (WCG), the City of Cape Town, and National Treasury.
- Adoption of a more agile, professional, and ethical governance model for public asset optimisation and decision-making.
- Strengthening intergovernmental coordination, collaboration, and accountability mechanisms to improve strategic oversight and service delivery outcomes.
- Advancement of economic transformation through the allocation of at least 30% of procurement expenditure to local SMMEs, promoting inclusive economic participation and enterprise development.



Economic Impact Areas

- SMME development
- ICT & digital economy

Job Creation Estimate (Direct & Indirect)

Category	Estimated Jobs
Direct Construction Jobs	3,200
Indirect Supply Chain Jobs	1,450
Permanent Operational Jobs	450
Total Estimated Jobs	5,100

Evidence & Data Sources

- Social impact assessment (SIA)
- Academic research / white papers

Measurable Long-Term Outcomes (Strategic Value)

Outcome Indicator	Sample Baseline	Target Outcome	Measurement Period
Occupancy Rate of Social Housing Units	0%	100% occupancy within 3 months of completion	Year 1
Household Transport Expenditure	40% of disposable income	Less than 15% of disposable income	Years 1-5
Average Daily Commuting Time	3 hours per day	Reduced by up to 2 hours per day	Years 1-5
Local SMME Procurement Spend	0%	Minimum 30% of procurement expenditure	Construction Phase
Direct and Indirect Jobs Created	0	4,650 jobs created	Construction Phase
Permanent Operational Employment	0	450 permanent jobs sustained	Years 1-10
Economic Internal Rate of Return (EIRR)	N/A	18.4%	Project Lifecycle
Public Asset Value Realisation	Underutilised state asset	Productive mixed-use development generating social and economic returns	Years 1-20
Inner-City Residential Capacity	Existing capacity	Additional 291 social housing units delivered	Year 1
Private Sector Investment Attraction	Limited investment	Increased investment and commercial activity in the precinct	Years 5-2

1.7 Key Stakeholders

Stakeholder Roles & Responsibilities (Cross-Functional Planning)

Stakeholder Type	Stakeholder Name	Role & Responsibility
Government	Department Of Infrastructure	Strategic planning, policy alignment, funding.
Government	City of Cape Town	Local infrastructure planning, implementation, operations, and maintenance.
Private Sector	Construction Companies	Co-investment, project financing, innovation, and infrastructure delivery partnerships.



Stakeholder Type	Stakeholder Name	Role & Responsibility
Other Stakeholders	Airlines & Airline Representative Bodies	Represent the interests of airlines and the aviation industry by providing operational requirements, participating in stakeholder consultations, supporting route planning and service coordination, ensuring compliance with aviation regulations, and collaborating with project teams to improve airport infrastructure, operational efficiency, passenger experience, and long-term sustainability.
State-Owned Entities	Air Traffic and Navigation Services (ATNS)	Represent the interests of airlines and the aviation industry by providing operational requirements, participating in stakeholder consultations, supporting route planning and service coordination, ensuring compliance with aviation regulations, and collaborating with project teams to improve airport infrastructure, operational efficiency, passenger experience, and long-term sustainability.

1.8 Investment Opportunity

Customer Segment

Lower-income households earning R1,850 - R22,000/month (Social Housing); middle-income market buyers; retail operators and commercial office tenants.

Customer Need

Secure, affordable, well-located central housing that mitigates extreme travel costs from peripheral townships.

Evidence of Value

Central city social housing waiting lists exceed 45,000 applicants, and market-linked micro-apartments exhibit sub-2% vacancy rates in Cape Town.

Strategic Positioning

The absolute best-use response to Erf 172814, maximizing density and creating an urban cross-subsidization model.

2 Project Description & Strategic Case

2.1 Project Scope (Description)

The project entails the redevelopment of Erf 172814, a 2,881m² government-owned site located within the Cape Town CBD. The proposed mixed-use development will comprise residential accommodation, social housing, office space, retail facilities and supporting public infrastructure. The development is expected to deliver more than 830 residential units, with at least 35% (291 units) allocated to social housing. Ground-floor retail (approx. 2,500m²) and first-floor office components (approx. 3,000m²) will contribute towards precinct activation and economic sustainability.

2.2 Project Relevance, Need & Objectives

The project responds to a growing need for affordable housing in well-located urban areas while addressing broader objectives relating to economic growth, urban regeneration and spatial transformation. The primary objective is to maximise the socio-economic value of public land while delivering sustainable housing opportunities within the Cape Town CBD.

- **Objective 1:** The core objective is to maximise social housing on the Project Site with a residentially-led, high rise, mixed-use development

- **Objective 2:** Offer a safe, secure and inspiring precinct where sustainable design, construction, and building operations achieve a low carbon impact on the City of Cape Town
- **Objective 3:** Deliver the Project within the shortest period after disposal of the site to the developer
- **Objective 4:** Infrastructure Monitoring & Evaluation
- **Objective 5:** Infrastructure linked to 5yr plans & their respective APPs, AOP's & AR's

2.3 Justification & Needs Analysis

Problem Statement (Core Challenge)

The current use of the site for surface parking and storage does not maximise its strategic value as a well-located public asset. In addition, the shortage of affordable housing opportunities in the inner city limits access for working-class households and perpetuates spatial inequality.

Root Causes

- High property prices and development costs (exceeding R35,000/m² in construction and land input costs) have made inner-city housing unaffordable for working-class families.
- Limited availability of affordable, well-located housing stock within the inner city.
- Underutilisation of strategically located public land and assets.
- Historic patterns of spatial planning and apartheid-era development that continue to entrench spatial fragmentation and socio-economic exclusion.
- Market-driven property development that prioritises higher-income residential and commercial uses over affordable housing provision.

Affected Population (Beneficiaries)

- Working-class households currently excluded from the inner-city housing market due to high property prices.
- Low- to moderate-income earners who qualify for social housing.
- Employees working in the Cape Town CBD and surrounding economic nodes who face long and costly daily commutes.
- Households residing in peripheral areas as a result of limited access to affordable, well-located accommodation.
- Local SMEs and contractors benefiting from procurement and employment opportunities associated with the development.
- Future residents of the 291 social housing units and their dependants.

Existing Services (Current Baseline)

- The site is currently utilised primarily for surface parking and storage purposes.
- No affordable or social housing services are currently provided on the site.
- The property generates limited social and economic value relative to its strategic inner-city location.
- Working-class households have limited access to affordable accommodation within the CBD and are largely dependent on housing opportunities located on the urban periphery.
- Many affected households incur high transport costs (approximately 40% of disposable income) and lengthy daily commuting times to access employment opportunities in the city centre.
- Existing inner-city affordable housing supply remains insufficient to meet demand from qualifying low- and moderate-income households.

Consequences of No Action (Narrative + Risk)

Retaining the status quo exacerbates urban sprawl, increases municipal infrastructure backlogs on the city periphery, and forces lower-income workers to expend up to 40% of their wages on dangerous, inefficient public transport.

Current Demand (Units / Users / Volume)

The current core demand for affordable housing within the Cape Town CBD catchment area is estimated at 45,000 housing units. This reflects the significant unmet need for well-located, affordable accommodation among low- to moderate-income households who are employed in the city centre but are unable to access housing due to high property and rental costs. The demand substantially exceeds the existing supply of affordable and social housing units available within the CBD and surrounding precincts.



Future Demand Growth (% Growth Rate)

4.50% - Demand for affordable housing within the CBD catchment is projected to grow at approximately 4.5% per annum, driven by continued urbanisation, population growth, household formation, and increasing demand for housing closer to employment opportunities.

Demand Drivers

The primary factors driving demand include:

- Continued urbanisation and migration towards economic centres.
- Growth in employment opportunities within the Cape Town CBD and surrounding precincts.
- High transport costs and lengthy commuting times experienced by households residing on the urban periphery.
- Rising private-sector property values and rental costs that exclude working-class households from the inner city.
- A limited supply of affordable and social housing developments in strategically located areas.
- Ongoing efforts to reverse the legacy of spatial apartheid and improve access to economic opportunities.

Supply vs Demand Gap (Numeric Gap)

The affordable housing market within the CBD remains characterised by a significant and persistent supply deficit. While current demand is estimated at 45,000 units, the available affordable housing stock falls substantially short of this requirement, resulting in a severe negative supply-demand gap.

The Leeuloop development's contribution of 291 social housing units will help address this shortfall; however, it represents only a small portion of the overall housing need. The project should therefore be viewed as a catalytic intervention within a broader affordable housing delivery programme aimed at reducing the structural housing deficit within the CBD.

Indicator	Estimate
Current Affordable Housing Demand	45,000 units
Annual Demand Growth Rate	4.5%
Leeuloop Housing Delivery	291 units
Demand Met by Leeuloop Development	Approximately 0.65% of current demand
Supply-Demand Gap	Significant deficit (severely negative)

Data Sources

- Project As-Built Drawings
- Archaeological Survey Reports
- GIS
- Municipal Service Data
- Pedestrian Network Data
- Provincial Biodiversity Plan
- Land Use Maps
- National Flood Hazard Datasets

Forecast Horizon

The demand forecast has been modelled over a 20-year planning horizon.

2.4 Sector-Specific Analysis

The human settlements and infrastructure sectors are undergoing a paradigm shift toward transit-oriented developments (TOD). Inclusionary housing policies require active state-led land release to bridge market gaps.

Sector Trends

The human settlements and infrastructure sectors are undergoing a significant transition towards Transit-Oriented Development (TOD), compact urban growth, and integrated human settlements. Increasing urbanisation, rising housing demand, and limited availability of well-



located land have intensified the need for innovative housing delivery models that combine residential, commercial, and public transport accessibility.

Key sector dynamics include:

- Growing emphasis on transit-oriented and mixed-use developments that promote urban densification.
- Increasing demand for affordable and social housing in well-located urban areas.
- Greater focus on the optimisation of public land assets to address housing shortages.
- Adoption of inclusionary housing approaches to improve access for lower-income households.
- Increased integration of housing delivery with economic development and spatial transformation objectives.
- Growing importance of climate-resilient and sustainable infrastructure solutions.
- Expansion of public-private partnerships and blended finance models to support infrastructure and housing delivery.
- Rising investor interest in impact-oriented and ESG-aligned infrastructure projects.

Institutional Context

The governance framework for the human settlements sector involves multiple spheres of government and specialised institutions responsible for policy development, planning, funding, regulation, and implementation.

Key institutions include:

Institution	Role
National Department of Human Settlements	National housing policy and programme oversight
Social Housing Regulatory Authority (SHRA)	Regulation, accreditation, and funding of social housing projects
National Treasury	Public finance oversight and infrastructure investment governance
Western Cape Government	Provincial housing and infrastructure planning, land management, and project implementation
City of Cape Town	Spatial planning, development approvals, municipal services, and local housing delivery
Social Housing Institutions (SHIs)	Management and operation of social housing developments
Development Finance Institutions (DFIs)	Infrastructure and housing finance support
Private Sector Developers	Development and construction implementation

The Leeuloop project strengthens governance through the establishment of an Intergovernmental Joint Steering Committee comprising the Western Cape Government, City of Cape Town, and National Treasury.

Capacity Constraints

Several structural constraints continue to affect the delivery of affordable housing and integrated urban development.

Key limitations include:

- Insufficient supply of well-located affordable housing relative to demand.
 - Limited availability of strategically located land for development.
 - Rising construction costs and development finance constraints.
 - Lengthy planning, zoning, and approval processes.
 - Capacity constraints within public-sector housing delivery institutions.
 - Limited fiscal resources available for large-scale housing subsidies.
 - Infrastructure servicing constraints in some urban areas.
 - Shortages of technical, project management, and specialist built-environment skills.
 - Fragmented institutional coordination across spheres of government.
 - Long-term maintenance and operational sustainability challenges in social housing projects.
- These constraints reinforce the need for innovative mixed-use and cross-subsidisation models such as the Leeuloop Development.

Regulatory Environment

The project operates within a comprehensive legislative and policy framework governing housing, infrastructure development, public finance, land management, procurement, and environmental compliance.

Housing and Human Settlements Legislation

- Social Housing Act, 2008 (Act 16 of 2008).
- Housing Act, 1997 (Act 107 of 1997).
- Rental Housing Act, 1999 (Act 50 of 1999).
- Public Finance and Procurement Legislation Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).
- Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003).
- Public procurement regulations and preferential procurement frameworks.

Spatial Planning and Land Use Legislation

- Spatial Planning and Land Use Management Act (SPLUMA), 2013 (Act 16 of 2013).
- Western Cape Land Use Planning legislation.
- Municipal Spatial Development Frameworks and zoning schemes.
- Environmental and Infrastructure Legislation National Environmental Management Act (NEMA), 1998 (Act 107 of 1998).
- National Building Regulations and Building Standards Act.
- Climate resilience, water conservation, and energy-efficiency requirements.

Strategic Policy Alignment

- National Development Plan (NDP) 2030- Chapter 8 (Transforming Human Settlements and the National Space Economy).
- Western Cape Infrastructure Plan (WCIP) 2050.
- Integrated Urban Development Framework (IUDF).
- Provincial Spatial Development Framework (PSDF).
- City of Cape Town Municipal Spatial Development Framework (MSDF).

2.5 Market Size & Demand Analysis

Market Size

The total addressable market for affordable and gap housing in Cape Town is valued at over R12 billion. Given the specific central location, absorption rates for the 540 market-linked residential units are projected at a rapid 22 units per month.

Target Market

The target market for the proposed infrastructure project comprises the primary beneficiaries who will directly or indirectly benefit from improved infrastructure, enhanced service delivery, and increased operational efficiency. The project is designed to address the needs of communities, public institutions, businesses, and other stakeholders that rely on reliable and sustainable infrastructure services.

The primary beneficiaries include:

- **Households and Communities:** Residents who will benefit from improved access to reliable, safe, and sustainable public infrastructure and essential services.
- **Learners and Educational Institutions:** Schools, colleges, universities, and students who will benefit from improved infrastructure that supports better learning environments and accessibility.
- **Patients and Healthcare Facilities:** Hospitals, clinics, healthcare providers, and patients who will experience improved access to quality healthcare services through reliable infrastructure.
- **Businesses, SMMEs, and Investors:** Local enterprises, entrepreneurs, and investors who will benefit from improved infrastructure, reduced operating constraints, and enhanced economic opportunities.
- **Government Departments and Public Institutions:** Public sector organisations responsible for delivering essential services more efficiently and effectively.

Market Growth Rate

25%

Market Gap

The Cape Town affordable and gap housing market is characterised by a significant and persistent imbalance between housing demand and available supply. Current demand for affordable housing within the CBD catchment area is estimated at 45,000 units, with demand projected to grow at approximately 4.5% per annum. At the same time, the supply of affordable and gap housing remains insufficient to accommodate



growing demand from low-, moderate-, and middle-income households. The total addressable market (TAM) for affordable and gap housing in Cape Town is estimated to exceed R12 billion, reflecting substantial unmet demand and a sizeable market opportunity for well-located residential developments.

The Leeuloop Precinct Development addresses this market gap through the delivery of:

- 291 highly subsidised social housing units.
- 540 market-linked residential units.
- Integrated mixed-use development components that support long-term housing sustainability.

The development is strategically positioned within the Cape Town CBD, where housing demand is driven by proximity to employment opportunities, public transport, education facilities, and urban amenities. The projected absorption rate of 22 market-linked units per month indicates strong market demand and supports the commercial viability of the development. Key Market Gap Indicators: Indicator Estimate Current Affordable Housing Demand 45,000 units Annual Demand Growth Rate 4.5% Total Addressable Market (TAM) > R12 billion Social Housing Units Delivered 291 units Market-Linked Residential Units 540 units Market Absorption Rate 22 units per month Current Supply-Demand Position Significant supply deficit.

Assumptions

The market assessment and demand projections for the Leeuloop Development are based on the following economic and demographic assumptions:

Economic Assumptions

Assumption	Basis
Continued economic growth in the Cape Town CBD	CBD remains a major employment and commercial hub contributing approximately 25% of provincial economic output
Sustained demand for affordable and gap housing	Ongoing affordability constraints in the private housing market
Stable residential property market demand	Strong demand for well-located residential developments
Market-linked unit absorption rate	Average of 22 units sold or occupied per month
Construction cost escalation	Managed within feasibility and sensitivity analysis parameters
Long-term rental demand	Supported by employment concentration within the CBD
Positive economic returns	Projected EIRR of 18.4%

Demographic Assumptions

Assumption	Basis
Population growth	Continued growth within the Cape Town metropolitan area
Urbanisation trends	Ongoing migration towards economic centres and employment nodes
Household formation growth	Increasing demand for independent housing opportunities
Demand growth rate	Approximately 4.5% per annum
Increasing housing affordability pressures	Property and rental prices continue to exceed affordability levels for many households
Preference for well-located housing	Households seek accommodation closer to employment opportunities and transport networks
Growth in gap-market households	Expansion of households earning too much for fully subsidised housing but unable to afford private market housing



2.6 Benefits & Desired Outcomes

Outcome Benefits

Key outcomes include: direct spatial integration of 291 families; R918m in fixed capital formation; reduction of precinct carbon emissions by 30% through green engineering; and R14m annual municipal rates contribution.

Efficiency Gains

The Leeuloop Precinct Development will generate significant efficiency improvements for residents, government, and the broader urban economy through better utilisation of public assets and improved access to well-located housing.

Key Efficiency Gains

Efficiency Area	Expected Improvement
Commuting Time	Reduction of up to 2 hours per household per day
Household Transport Costs	Reduction from approximately 40% to below 15% of disposable income
Public Asset Utilisation	Conversion of underutilised parking and storage facilities into productive mixed-use development
Municipal Revenue Generation	Approximately R14 million per annum in municipal rates contributions
Infrastructure Efficiency	Increased utilisation of existing CBD infrastructure and services
Service Delivery Efficiency	Centralised management by an accredited Social Housing Institution (SHI)
Environmental Efficiency	Approximately 30% reduction in precinct carbon emissions through green engineering interventions

Strategic Efficiency Outcome

The project improves urban productivity by reducing travel-related costs and time burdens while generating long-term municipal revenue and maximising the value derived from existing public infrastructure.

Access Improvement

The project substantially expands access to affordable, well-located housing opportunities within the Cape Town CBD and improves access to economic and social opportunities.

Access Improvements

Access Area	Expected Impact
Affordable Housing Access	291 social housing units delivered
Household Coverage	Direct spatial integration of 291 families into the urban core
Employment Access	Improved proximity to major employment centres
Public Transport Access	Increased access to transit-oriented development (TOD) infrastructure
Social Services Access	Improved access to healthcare, education, retail, and government services
Economic Opportunities	Enhanced access to formal employment and economic participation
Mixed-Income Housing Opportunities	Inclusion of both social housing and market-linked residential units

Strategic Access Outcome

The development expands housing opportunities in one of Cape Town's most economically active precincts, helping to bridge the gap between places of residence and places of work.

Equity Impact

The project is designed as a pro-poor intervention that advances spatial justice, economic inclusion, and equitable access to urban opportunities.

Equity and Inclusion Effects



Equity Area	Expected Impact
Spatial Integration	Direct integration of 291 lower-income families into the CBD
Distribution of Benefits	Approximately 68% of net economic surplus accrues to lower-income households
Housing Inclusion	Increased access to affordable inner-city accommodation
Economic Inclusion	Reduced barriers to employment and economic participation
Social Inclusion	Greater integration into mixed-use and mixed-income urban environments
SMME Inclusion	Minimum 30% procurement allocation to local SMMEs
Employment Inclusion	Creation of direct, indirect, and operational employment opportunities

Strategic Equity Outcome

The Leeuloop Development directly addresses the legacy of spatial apartheid by enabling lower-income households to live closer to employment opportunities, public services, and urban amenities. The project promotes more equitable access to the benefits of urbanisation while contributing to long-term social cohesion, inclusion, and sustainable human settlement development.

2.7 Socio-Economic Analysis

The project yields a Social Return on Investment (SROI) ratio of 2.8:1. Every Rand invested generates nearly three times its value in reduced transport costs, enhanced healthcare access, and localized economic micro-multipliers.

Economic Context

The Cape Town CBD is the primary economic hub of the Western Cape and contributes approximately 25% of the province's total economic output. The area accommodates a significant concentration of employment opportunities across finance, professional services, government, tourism, retail, and commercial sectors. Despite its economic importance, access to housing within the CBD remains unaffordable for many low- and moderate-income workers, resulting in spatial exclusion, lengthy commuting distances, and high transport costs. This mismatch between employment concentration and affordable housing availability constrains labour market efficiency and perpetuates economic inequality.

Social Context

Cape Town continues to experience significant socio-economic inequality, reflected in an estimated Gini coefficient of 0.62. The city faces a substantial affordable housing shortage, particularly within well-located urban areas. Many working-class households are compelled to reside on the urban periphery due to housing affordability constraints, resulting in high transport costs, long commuting times, and reduced access to economic opportunities. Demand for social and affordable housing significantly exceeds current supply, contributing to persistent housing backlogs and spatial inequality.

Environmental Context

The project area is exposed to climate-related risks, including water scarcity, drought conditions, extreme weather events, and increasing temperatures associated with climate change. Sustainable urban development within the CBD requires resilient infrastructure and resource-efficient building design. The proposed development incorporates climate adaptation measures, including water-efficient systems, low-flow fittings, energy-efficient technologies, and solar photovoltaic (PV) backup systems to improve environmental sustainability and resilience.

Distribution Effects

The project is explicitly designed as a pro-poor intervention. Distributional analysis indicates that approximately 68% of the net economic surplus generated by the development accrues to lower-income households through affordable housing provision, reduced transport costs, shorter commuting times, and improved access to economic opportunities. Primary beneficiaries include low- and moderate-income households, social housing tenants, local workers, and participating SMMEs. Costs are primarily borne through public-sector capital investment and development expenditure, while long-term benefits are distributed across households, businesses, government, and the broader economy.

Stakeholder Group	Distribution of Benefits
Low-income households	Primary beneficiaries through affordable housing and transport savings
Social housing tenants	Improved housing security and access to opportunities



Local SMMEs	Procurement and subcontracting opportunities
Employers	Improved labour accessibility and productivity
Government	Enhanced public asset utilisation and economic returns
Local communities	Urban regeneration and increased economic activity

2.8 SWOT Analysis

Strengths

- Community buy-in
- Proven delivery track record
- Secured funding / budget allocation
- High-level political support
- Technical expertise available
- Strong strategic alignment
- Existing infrastructure base

Weaknesses

- Limited institutional capacity
- Procurement challenges
- Implementation timeline pressures
- Regulatory / approval delays
- Resource constraints

Opportunities

- National/provincial policy support
- Grant funding availability (BFI, Conditional Grants)
- PPP / private sector interest
- Regional integration opportunities
- Technological innovation
- Growing market demand
- International donor support

Threats

- Technological obsolescence
- Policy / regulatory changes
- Political instability
- Natural disasters / climate risks
- Market volatility
- Competing project priorities
- Supply chain disruptions
- Social unrest / community opposition
- Exchange rate fluctuations

2.9 Risk Statement & Sensitivity Analysis

Problem Statement & Justification for Investment

The Leeuloop development seeks to address the underutilisation of a strategically located public asset while responding to the significant and growing demand for affordable housing within the Cape Town CBD. The project is designed to deliver social, economic, and spatial



transformation benefits through a mixed-use development model that combines social housing, commercial uses, and public asset optimisation.

Given the scale and complexity of the investment, it is essential to assess the project's resilience to adverse market and construction conditions. Sensitivity analysis was therefore undertaken to determine whether the development would remain financially viable under plausible downside scenarios and to provide assurance that public resources are being invested in a robust and sustainable project.

Risk Context & Risk Environment

The project operates within a dynamic development environment characterised by several potential risks, including:

- Escalating construction costs due to inflation, supply-chain constraints, and market volatility.
- Fluctuations in property market conditions affecting sales values and revenue generation.
- Delays in project implementation and associated cost overruns.
- Macroeconomic uncertainty, including interest rate and inflation pressures.
- Demand-side risks associated with changes in housing market conditions.
- Regulatory and planning approval risks.

Despite these risks, the mixed-use nature of the development provides a degree of revenue diversification through social housing rentals, commercial rentals, and property sales, thereby reducing overall project exposure.

Sensitivity Analysis Overview & Methodology

A sensitivity analysis was conducted to test the financial robustness of the project under adverse conditions. The analysis assessed the impact of key risk variables on project viability by modelling the following scenarios:

Scenario Tested	Assumption
Construction Cost Escalation	15% increase in total construction costs
Market Sales Price Reduction	10% decrease in projected market sales values
Combined Downside Scenario	Simultaneous application of both adverse assumptions

The financial performance of the project was evaluated using Net Present Value (NPV) as the primary indicator of investment viability. The analysis measured the extent to which the project could absorb negative market shocks while continuing to generate positive economic and financial returns.

Sensitivity Analysis Conclusions

The sensitivity testing demonstrates that the Leeuloop development remains financially resilient under both individual and combined downside scenarios.

Key findings include:

The project continues to generate a positive financial return despite significant increases in construction costs and reductions in market sales values.

Under the worst-case combined scenario, comprising a 15% increase in construction costs and a 10% reduction in market sales prices, the project maintains a positive Net Present Value (NPV) of R34 million.

Revenue diversification across social housing, commercial, and retail components enhances the project's ability to withstand market volatility. Stable long-term rental income generated by the social housing and commercial elements provides a reliable revenue stream that supports overall project sustainability.

The analysis confirms that the investment is sufficiently robust to justify public sector participation and supports the project's long-term value-for-money proposition.

The sensitivity analysis indicates that the Leeuloop development is resilient to material adverse market conditions and remains a financially and economically viable investment capable of delivering its intended social, economic, and spatial transformation outcomes.



Risk Register - Key Risks Identified During Analysis

Risk Type	Probability	Impact	Exposure Score	Risk Level	Justification
Delivery Risk	High	Moderate	12	High	Delays in procurement, contractor performance issues, regulatory approval processes, adverse weather conditions, supply chain disruptions, or budget constraints may impact the project schedule, cost, and quality. These risks could result in delayed service delivery and increased project costs. Effective project governance, proactive risk monitoring, contingency planning, and regular stakeholder engagement will be implemented to minimise the likelihood and impact of delivery risks.
Implementation Risk	High	Moderate	12	High	The project may encounter implementation risks due to procurement delays, contractor performance issues, resource shortages, technical challenges, unforeseen site conditions, or changes in project scope. These risks could lead to schedule delays, increased costs, reduced quality of deliverables, and disruptions to service delivery. To mitigate these risks, the project will implement robust project governance, detailed implementation planning, regular progress monitoring, quality assurance processes, contingency planning, and proactive risk management to ensure timely and successful project completion.
Stakeholder Risk	High	Moderate	12	High	The project may be exposed to risks related to construction delays, cost escalation, regulatory approval delays, supply chain disruptions, contractor performance, labour shortages, funding constraints, and changing market conditions. These risks could impact project timelines, increase implementation costs, reduce financial performance, and delay the delivery of affordable housing and associated social and economic benefits.



Risk Type	Probability	Impact	Exposure Score	Risk Level	Justification
Political / Governance Risk	Medium	Major	12	High	Changes in government priorities, policy direction, leadership, funding allocations, or regulatory requirements may affect project approval, funding continuity, or implementation timelines. Political decisions could result in delays, scope changes, or reprioritisation of infrastructure investments. This risk will be managed through continuous engagement with government stakeholders, alignment with national and regional development priorities, regular reporting, and compliance with all legislative and policy requirements to maintain project support throughout its lifecycle.
Demand Risk	High	Critical	20	Extreme	Demand for the infrastructure or service may differ from forecast due to changes in population growth, economic conditions, user behaviour, technological developments, or policy changes. Lower-than-expected demand may reduce the anticipated economic and social benefits, while higher-than-expected demand could place pressure on infrastructure capacity and service quality. This risk will be mitigated through robust demand forecasting, regular monitoring of service utilisation, periodic reviews of demand projections, and scalable infrastructure design to accommodate future changes in demand.
Operational Risk	High	Major	16	High	

Overall Risk Statement & Investment Risk Acceptance

The methodology provides decision-makers with a clear understanding of the project's exposure to uncertainty, identifies the most influential risk factors, and supports the development of appropriate mitigation strategies. The analysis strengthens investment confidence by ensuring that the preferred option remains financially sustainable, operationally resilient, and aligned with National Treasury BFI requirements, GTAC infrastructure delivery guidance, the Medium-Term Expenditure Framework (MTEF), and recognised public sector investment appraisal methodologies.

2.10 Key Business Drivers (WHY) & Inputs

• Policy Driver (NDP / Sector Mandate)

The project is driven by the severe backlog in housing, the escalating cost of transit, and the Western Cape's mandate to utilize infrastructure as an economic driver. Inputs include R230m in public/grant financing and R688m in private sector equity and debt.

• Service Gap Driver (Service Failure Evidence)

Existing infrastructure is unable to meet current service demand due to ageing assets, capacity constraints, frequent service interruptions, and increasing maintenance requirements. These deficiencies have resulted in reduced service quality, operational inefficiencies, and limited access for beneficiaries. The proposed project will address these service gaps by upgrading infrastructure, improving reliability, and enhancing service delivery.



- **Economic Driver (Growth / Efficiency Need)**

The project will support economic growth by improving infrastructure efficiency, reducing operating and maintenance costs, enhancing productivity, and facilitating business and investment opportunities. The upgraded infrastructure will accommodate future demand, improve resource utilisation, and contribute to sustainable economic development and job creation.

3 Project Status & Implementation Readiness

3.1 Current Phase of Development

Detailed Design

Detailed engineering and specifications.

3.2 Readiness for Procurement

The project is considered procurement-ready, with the necessary planning, technical studies, and governance processes either completed or underway. Project scope, technical specifications, cost estimates, procurement strategy, and implementation timelines have been defined to support an efficient procurement process. Required approvals, budget allocations, and compliance with applicable procurement legislation and organizational policies will be secured before tendering. A transparent and competitive procurement approach will be followed to ensure value for money, timely contractor appointment, effective contract management, and successful project delivery while minimizing procurement-related risks.

3.3 Regulatory and Environmental Approvals

The project is considered **regulatory-ready**, with all applicable legislative, environmental, planning, and governance requirements identified and incorporated into the project planning process. Required permits, statutory approvals, environmental authorizations, land-use approvals, and compliance obligations will be obtained before implementation. The project aligns with relevant government policies, infrastructure regulations, procurement legislation, and sector-specific standards. Ongoing regulatory monitoring and compliance management will ensure that all legal and statutory requirements are met throughout the project lifecycle, reducing the risk of delays and supporting successful project delivery.

3.4 Community and Stakeholder Engagement

Stakeholder Name	Type	Organisation	Power	Interest	Engagement Strategy
City of Cape Town	Government	organisation	7	7	Manage Closely
Technology and ICT providers	Private Sector	org	6	3	Keep Satisfied
Skills Development & Training Institutions	Other Stakeholders	org	5	9	Keep Informed
TVET Colleges and Universities (aviation, engineering, logistics)	Other Stakeholders	Organisation	4	8	Keep Informed

4 Governance, Policy & Enabling Environment

4.1 Legal and Regulatory Framework

Mandate Delivery Statement

Fulfills the legal mandates under the Social Housing Act (Act 16 of 2008) and the Western Cape Land Administration Act, utilizing public land assets for maximal public good.

Legal Mandates & Policy Frameworks

- Occupational Health and Safety Act
- Public Finance Management Act (PFMA)

4.2 Government Policies & Roles

WCIF 2050 Strategic Alignment

- National Development Plan (NDP 2030)
- Sector Investment Plan (SIP)
- Provincial Growth & Development Plan (PGDP)
- Provincial Infrastructure Strategy
- Municipal IDP (Integrated Development Plan)
- Municipal SDF (Spatial Development Framework)

Government Policies & Governance Role

WCG acts as land lessor and monitoring authority. The private developer handles design, finance, construction, and commercial operations. An accredited SHI manages social housing assets under long-term lease.

4.3 Investment Needs & Policy Incentives

Funding Requirements

The site qualifies for the Urban Development Zone (UDZ) tax incentive, providing accelerated depreciation benefits to private investors.

Economic Rationale

The proposed infrastructure project is economically justified as it addresses critical infrastructure constraints that currently limit service delivery, productivity, and sustainable economic growth. Investment in modern, reliable, and resilient infrastructure will improve operational efficiency, reduce lifecycle costs, and enhance the capacity to meet current and future demand.

The project will generate significant economic value by reducing maintenance and operating costs, minimising service interruptions, improving asset performance, and increasing the efficiency of public service delivery. It will also stimulate economic activity through job creation, local procurement, support for small and medium-sized enterprises (SMMEs), and increased private sector confidence.

The investment is expected to produce long-term economic benefits, including:

- Reduced infrastructure maintenance and operating costs through improved asset management.
- Increased productivity resulting from reliable and efficient infrastructure services.
- Lower costs associated with service disruptions and emergency repairs.
- Job creation during construction, operation, and maintenance phases.
- Increased opportunities for local businesses, contractors, and SMMEs.

Public Sector Intervention Justification

Public sector intervention is justified because the proposed infrastructure investment addresses a critical public service need that cannot be adequately met through market forces or private sector investment alone. The project delivers essential infrastructure that supports public welfare, economic development, social inclusion, and environmental sustainability while generating significant public value.

Existing infrastructure constraints, aging assets, limited funding, and increasing demand have created service delivery gaps that require government leadership, strategic investment, and coordinated implementation. The private sector has limited incentive to finance or deliver infrastructure with high social benefits but lower direct financial returns, making public investment necessary to ensure equitable access to essential services.

Government intervention is required to:

- Address critical infrastructure backlogs and service delivery deficiencies.

- Improve access to reliable, safe, and affordable public infrastructure.
- Promote inclusive economic growth and regional development.
- Support employment creation, local procurement, and SMME participation.
- Ensure equitable access to infrastructure for underserved and vulnerable communities.

Grants & Incentives

The proposed infrastructure project may be eligible for a range of government grants, financing mechanisms, and support programmes that promote sustainable infrastructure development, economic growth, and improved public service delivery. These funding sources can supplement project financing, reduce implementation risks, and improve long-term project affordability.

Potential grants, incentives, and support programmes include:

- **Budget Facility for Infrastructure (BFI)** funding for strategic infrastructure projects.
- **National Treasury Infrastructure Grants** to support public infrastructure planning and implementation.
- **Government Technical Advisory Centre (GTAC)** technical assistance for project preparation, feasibility studies, procurement support, and project management.
- **Infrastructure Fund** financing for catalytic public infrastructure investments.
- **Provincial and Municipal Infrastructure Grants** where applicable.
- **Public-Private Partnership (PPP)** support programmes for eligible infrastructure projects.
- **Green Infrastructure and Climate Finance** programmes supporting energy efficiency, renewable energy, climate resilience, and environmental sustainability.

Expected Economic Impact

- Improved operational efficiency and reduced infrastructure lifecycle costs.
- Lower maintenance and emergency repair expenditure through proactive asset management.
- Increased productivity resulting from reliable and resilient infrastructure services.
- Job creation during construction, operation, and maintenance phases.
- Growth opportunities for local businesses, contractors, and SMMEs through procurement and supply chain participation.
- Increased private sector confidence and investment due to improved infrastructure.
- Enhanced regional competitiveness and economic development.
- Improved value for money through efficient utilisation of public resources and long-term asset sustainability.

4.4 Program & Policy Alignment

Programme Name

National development

Programme Alignment

The Leeuloop Development will implement a structured investor engagement programme aimed at attracting institutional investors, development finance institutions (DFIs), impact investors, pension funds, commercial banks, and infrastructure investment funds.

Policy Alignment

- National Development Plan (NDP)
- Other
- WC PSP
- Economic Reconstruction and Recovery Plan (ERRP)
- Presidential SMME Strategy

Incentives & Penalties Framework

The project will implement a performance-based incentives and penalties framework to promote accountability, quality, and timely delivery. Contractors and implementing partners may receive incentives for achieving project milestones ahead of schedule, maintaining high-quality standards, delivering cost efficiencies, and meeting or exceeding agreed key performance indicators (KPIs). Penalties will apply for unjustified delays, failure to meet contractual obligations, poor workmanship, non-compliance with health, safety, environmental, or regulatory requirements, and failure to achieve agreed performance targets. The framework will include regular performance assessments, documented corrective actions, and contract enforcement mechanisms to ensure value for money, effective risk management, and successful project delivery.

5 Economic & Commercial Viability

5.1 Value-for-Money Assessment

The proposed project is being developed within a sector experiencing increasing demand for infrastructure and public services due to population growth, urbanisation, economic expansion, aging assets, and rising customer expectations. Existing infrastructure is operating under significant pressure, resulting in capacity constraints, increased maintenance requirements, service interruptions, and reduced operational efficiency.

Under current conditions, the sector is unable to meet existing and projected demand because available infrastructure capacity, financial resources, and operational capability are insufficient to support future growth. Continued reliance on aging infrastructure has increased lifecycle costs while reducing service reliability and resilience. Routine maintenance alone is no longer sufficient to address the growing infrastructure backlog or achieve the required service standards.

In addition, increasing regulatory requirements, environmental obligations, technological advancements, and higher public expectations place further pressure on existing infrastructure systems. Without strategic investment, the gap between service demand and available infrastructure capacity will continue to widen, leading to declining service quality, higher operating costs, reduced economic productivity, and increased risks to public health, safety, and sustainable development.

5.2 Cost-Benefit Analysis (CBA)

Capital Cost: 918,000,000.00

Annual Operating Cost: 18,500,000.00

Economic Benefits: 1,450,000,000.00

Social Benefits: 580,000,000.00

Residual Value: 320,000,000.00

Discount Rate: 8.00%

Analysis Period (Years): 30

Cost per Outcome Unit: 750,000.00

Total Project Cost: 80,000.00

Total Economic Benefit: 127,777.00

Total Outcome Units Delivered: 40000

5.3 Risk Evaluation & Contingent Liability

The project will strengthen economic performance by improving infrastructure reliability, increasing operational efficiency, and supporting business growth. Modern infrastructure will reduce operational disruptions, lower maintenance and lifecycle costs, improve productivity, and create a more attractive environment for investment. The project will also stimulate local economic development through employment creation, increased procurement opportunities for SMMEs, and greater participation of local suppliers.

5.4 Economic Multipliers & Macroeconomic Benefits

GDP Contribution Estimate

The Leeuloop development is expected to contribute approximately R1.2 billion to the Western Cape economy during the 36 month construction period. This contribution will arise from construction expenditure, procurement activities, labour income, and associated economic activity generated throughout the project lifecycle.

Regional Economic Growth Effects

- Stimulates economic activity within the Cape Town CBD and broader Western Cape economy through infrastructure investment and urban regeneration.
- Supports the revitalisation of underutilised public assets, attracting further private-sector investment into the precinct.
- Generates demand across multiple sectors, including construction, professional services, retail, property management, and logistics.
- Strengthens local supply chains through the procurement of construction materials and services from Western Cape-based suppliers.



- Enhances economic inclusion by improving access to affordable housing closer to employment opportunities, thereby reducing transport costs and increasing household disposable income.
- Produces positive multiplier effects through a construction sector multiplier of 1.85x, whereby every rand invested generates additional economic activity within the regional economy.

Direct Employment

The project is expected to create approximately 3,200 direct jobs during the construction phase. These positions will include skilled, semi-skilled, and unskilled employment opportunities across construction, engineering, project management, and related professional services.

Indirect Employment

An estimated 1,450 indirect jobs will be generated through the project's supply chain and supporting industries. These opportunities will arise from increased demand for building materials, transportation, manufacturing, professional services, equipment supply, and other ancillary economic activities linked to the development.

Induced Employment

The project is further expected to support approximately 890 induced jobs, resulting from increased household spending by workers employed directly and indirectly through the development.

Sector Economic Multiplier

Indicator	Sample Data
Construction Sector Multiplier	1.85x
Economic Output Generated per R1 Invested	R1.85 in broader economic activity
GDP Contribution During Construction Phase	R1.2 billion
Procurement Spend Retained within Western Cape	70-80%
Local Supplier Participation	100% of brick, cement, and steel sourced from Western Cape suppliers

The project is expected to generate significant multiplier effects throughout the regional economy. With a construction sector multiplier of 1.85x, every rand invested in the development is projected to generate R1.85 in economic activity through direct, indirect, and induced effects.

Supply Chain & Local Economic Development

Indicator	Sample Data
Local SMME Procurement Target	30% of total procurement spend
Direct Supply Chain Jobs	1,450 jobs
Western Cape Material Sourcing	100% of major construction materials
Number of Local Contractors Supported	50-80 contractors and subcontractors
Construction Phase Duration	36 months

The project will stimulate local economic development by creating demand for construction materials, professional services, transport, security, facilities management, and maintenance services. Targeted procurement provisions will ensure meaningful participation by local SMMEs and historically disadvantaged enterprises.

Productivity & Trade Facilitation

Indicator	Sample Data
Reduction in Average Daily Commute Time	Up to 2 hours per household
Reduction in Household Transport Costs	40% to below 15% of disposable income



Increased Labour Market Accessibility	291 households relocated closer to employment nodes
Improved Worker Productivity	Reduced absenteeism and commuting fatigue

By locating affordable housing closer to employment opportunities, the project improves labour mobility and productivity. Reduced commuting times increase the amount of productive time available for work, education, and family activities, while lower transport costs increase disposable household income.

Poverty Reduction & Equity Impact

The project will contribute to poverty reduction and promote equitable socioeconomic development by improving access to essential infrastructure, creating employment opportunities, supporting local enterprise development, and enhancing access to public services. Priority will be given to inclusive participation, local labour, and opportunities for small, medium, and micro enterprises (SMMEs), with particular consideration for disadvantaged and vulnerable communities. Improved infrastructure will enhance service accessibility, reduce inequality, stimulate economic activity, and support long-term improvements in living standards and social inclusion.

Fiscal Returns to Government

The project is expected to generate positive fiscal returns through increased economic activity, expanded tax revenues, improved productivity, and more efficient utilisation of public resources. Additional government benefits may include higher corporate and personal income tax collections, value-added tax (VAT) revenues, reduced operational and maintenance costs through improved infrastructure performance, and lower expenditure associated with service disruptions or asset failures. These fiscal benefits strengthen the long-term value for money of the investment and support sustainable public financial management.

Macroeconomic Risks & Sensitivity

The project may be affected by macroeconomic conditions that influence project costs, financing, implementation timelines, and long-term operational sustainability. Key risks include inflation, interest rate fluctuations, exchange rate volatility, commodity price movements, labour market conditions, supply chain disruptions, fiscal constraints, and changes in government policy or regulatory requirements. These factors may increase capital and operating costs, affect funding availability, or impact projected economic and financial returns.

A comprehensive sensitivity analysis will be undertaken to assess the impact of changes in key economic assumptions on project viability, including variations in construction costs, operating expenses, demand forecasts, revenue projections, financing costs, and implementation schedules. The analysis will evaluate best-case, base case, and worst-case scenarios to determine the project's resilience under different macroeconomic conditions.

Appropriate mitigation measures including contingency allowances, diversified funding strategies, prudent financial planning, risk-adjusted cost estimates, flexible procurement approaches, regular economic monitoring, and periodic review of financial assumptions will be implemented to minimise the effects of macroeconomic uncertainty. This approach strengthens financial resilience, supports informed decision-making, and ensures continued alignment with National Treasury BFI requirements, the Medium-Term Expenditure Framework (MTEF), GTAC infrastructure delivery guidance, and recognised public sector financial management best practices.

5.5 Economies of Scale

Indicator	Sample Data
Development Scale	291 social housing units
Shared Infrastructure	Centralised utilities, security, maintenance, and building management
Cost per Beneficiary	R245,000
Cost per Household	R1.104 million
Cost per Job Created	R165,700
Operational Efficiency Gains	Reduced per-unit operating and maintenance costs

The mixed-use development model allows for economies of scale through shared infrastructure, facilities management, security services, and maintenance systems. These efficiencies improve long-term affordability, reduce operating costs, and enhance the overall value proposition of the investment while maximising the return on public-sector capital expenditure.

5.6 Cost-Effectiveness Analysis (CEA)

Cost per Beneficiary: 245,000.00



Cost per Household: 1,104,000.00

Cost per Service Unit: 1,104,000.00

Cost per Job Created: 165,700.00

Cost per Kilometre: 0.00

Cost per Outcome Achieved: 321,000.00

Cost per Outcome Unit: 750,000.00

Total Project Cost: 80,000.00

Total Economic Benefit: 127,777.00

Total Outcome Units Delivered: 40000

5.7 Social & Economic Analysis

Economic Context

The Cape Town CBD is the primary economic hub of the Western Cape and contributes approximately 25% of the province's total economic output. The area accommodates a significant concentration of employment opportunities across finance, professional services, government, tourism, retail, and commercial sectors. Despite its economic importance, access to housing within the CBD remains unaffordable for many low- and moderate-income workers, resulting in spatial exclusion, lengthy commuting distances, and high transport costs. This mismatch between employment concentration and affordable housing availability constrains labour market efficiency and perpetuates economic inequality.

Relevant GIS Datasets (Economic)

- Cape Town CBD Economic Activity Nodes.
- Gross Value Added (GVA) by Sub-Region.
- Employment Density and Labour Market Accessibility Maps.
- Commercial Property Values and Land Value Data.
- Economic Opportunity Areas and Investment Corridors.
- Public Transport Accessibility and Employment Catchment Areas.
- Provincial Economic Development and Growth Potential Maps.
- SMME and Business Activity Distribution Layers.

Social Context

Cape Town continues to experience significant socio-economic inequality, reflected in an estimated Gini coefficient of 0.62. The city faces a substantial affordable housing shortage, particularly within well-located urban areas. Many working-class households are compelled to reside on the urban periphery due to housing affordability constraints, resulting in high transport costs, long commuting times, and reduced access to economic opportunities. Demand for social and affordable housing significantly exceeds current supply, contributing to persistent housing backlogs and spatial inequality.

Relevant GIS Datasets (Social)

- Population Density and Household Distribution Data.
- Census Demographic and Socio-Economic Profiles.
- Income Distribution and Poverty Mapping.
- Housing Backlog and Informal Settlement Layers.
- Social Housing Demand and Waiting List Data.
- Access to Employment Nodes.
- Public Transport Accessibility Mapping.
- Community Facilities and Social Services Accessibility Data.
- Spatial Transformation and Inclusion Index Mapping.

Environmental Context

The project area is exposed to climate-related risks, including water scarcity, drought conditions, extreme weather events, and increasing temperatures associated with climate change. Sustainable urban development within the CBD requires resilient infrastructure and resource-



efficient building design. The proposed development incorporates climate adaptation measures, including water-efficient systems, low-flow fittings, energy-efficient technologies, and solar photovoltaic (PV) backup systems to improve environmental sustainability and resilience.

Relevant GIS Datasets (Environmental)

- Climate Change Vulnerability and Risk Maps.
- Flood Risk and Stormwater Management Layers.
- Urban Heat Island Mapping.
- Water Scarcity and Drought Risk Data.
- Renewable Energy Potential Maps.
- Environmental Sensitivity and Biodiversity Layers.
- Air Quality Monitoring Data.
- Green Infrastructure and Open Space Networks.
- Disaster Risk Management and Hazard Mapping.

Infrastructure Baseline

The site is currently utilised primarily for surface parking and storage, representing an underutilisation of a strategically located public asset. While the surrounding CBD benefits from well-developed transport, utility, and municipal infrastructure, there remains a significant shortage of affordable residential accommodation within close proximity to employment opportunities. Existing service delivery challenges include insufficient social housing supply, persistent housing backlogs, and limited access to affordable, well-located accommodation for lower-income households.

Relevant GIS Datasets (Infrastructure & Service Delivery)

- Existing Land Use and Zoning Layers.
- Public Asset and State-Owned Property Registers.
- Water, Sanitation, Electricity and Telecommunications Networks.
- Public Transport Routes and Transit-Oriented Development (TOD) Corridors.
- Housing Delivery and Housing Backlog Maps.
- Municipal Service Capacity Assessments.
- Road Network and Traffic Flow Data.
- Community Facility Accessibility Layers.
- Infrastructure Investment Priority Areas.

Distribution Effects

The project is explicitly designed as a pro-poor intervention. Distributional analysis indicates that approximately 68% of the net economic surplus generated by the development accrues to lower-income households through affordable housing provision, reduced transport costs, shorter commuting times, and improved access to economic opportunities. Primary beneficiaries include low- and moderate-income households, social housing tenants, local workers, and participating SMMEs. Costs are primarily borne through public-sector capital investment and development expenditure, while long-term benefits are distributed across households, businesses, government, and the broader economy.

Stakeholder Group	Distribution of Benefits
Low-income households	Primary beneficiaries through affordable housing and transport savings
Social housing tenants	Improved housing security and access to opportunities
Local SMMEs	Procurement and subcontracting opportunities
Employers	Improved labour accessibility and productivity
Government	Enhanced public asset utilisation and economic returns
Local communities	Urban regeneration and increased economic activity

Relevant GIS Datasets (Distribution & Equity)

- Spatial Inequality and Exclusion Mapping.
- Income and Poverty Distribution Layers.
- Housing Affordability and Accessibility Maps.
- Public Transport Cost Burden Analysis.
- Travel Time to Employment Nodes.
- Social Housing Demand Distribution.
- Beneficiary Catchment Area Mapping.
- Spatial Justice and Transformation Indicators.
- Economic Opportunity Accessibility Index.
- Equity Impact and Distributional Analysis Layers.

6

Financial Requirements & Funding Strategies

6.1 Total Project Cost Breakdown

Phase Name	Timeline	Key Activities	Deliverables	Budget Estimate
Project Planning & Feasibility	3 months	Site surveys, feasibility study, stakeholder consultation, environmental assessments	Feasibility Report, Project Charter, Environmental Assessment	R 2M
Detailed Design & Procurement	6 months	Engineering design, approvals, tender preparation, contractor procurement	Approved Design Drawings, Tender Documents, Awarded Contracts	R 5M
Construction & Infrastructure Development	12 months	Civil works, installation of infrastructure, quality inspections, project monitoring	Completed Infrastructure, Progress Reports, Quality Assurance Certificates	R 90M
Testing, Commissioning & Handover	3 months	System testing, commissioning, staff training, final inspections, project handover	Commissioning Report, Training Completion Report, Handover Certificate	R 3M
Planning & Design	3 months	Conduct feasibility studies, stakeholder engagement, detailed design, and obtain required approvals.	Approved project plan, completed designs, regulatory approvals.	R 500K
Procurement & Mobilisation	4 months	Appoint contractors, procure materials and equipment, mobilise project team.	Signed contracts, procurement completed, site established.	R 10M

6.2 Funding Sources

- National Budget
- Municipal Budget
- PPP
- Development Finance Institution

6.3 Revenue Models

Availability Payments

6.4 Innovative Financing Mechanisms

Innovative Financing Mechanisms

- Green Bonds / Sustainability Bonds
- Revolving Infrastructure Fund
- Tax Increment Financing (TIF)
- Development Finance Institution (DFI) Co-financing
- Viability Gap Funding (VGF)
- Crowdfunding / Community Investment
- Carbon Credits / Environmental Credits

Innovative Financing Structure & Application

Blend of finance structure combining SHRA Consolidated Capital Grants with green bonds issued via private development partners.

6.5 Budget Statement

The project budget is fully compliant with the requirements of Section 16 of the Public Finance Management Act (PFMA). Ring-fenced project escrow accounts will be established and maintained to ensure transparent financial management, effective expenditure control, and the prevention of fiscal leakage throughout the project lifecycle.

6.6 Procurement Statement

Procurement Procedure

All procurement activities will be undertaken in accordance with applicable PFMA requirements and public sector procurement regulations. Robust governance, oversight, and ring-fenced financial management mechanisms will be implemented to promote accountability, transparency, and value for money while minimising procurement and financial risks.

Procurement Plan

The procurement plan outlines a structured and transparent process for acquiring the goods, works, and services required for successful project delivery. Procurement activities will be undertaken in accordance with applicable procurement legislation, organizational policies, and principles of fairness, competitiveness, transparency, and value for money. The process will include procurement planning, preparation of technical specifications, tender advertisement, bid evaluation, contract award, contract administration, and supplier performance monitoring. Procurement activities will be aligned with the project implementation schedule to ensure the timely availability of contractors, materials, and equipment while minimizing procurement risks and supporting efficient project execution.

7 Project Feasibility, Approvals & Infrastructure Planning



7.1 Feasibility Study Findings (Technical Options Analysis)

Option 1

Component	Assessment
Description	Maintain the site in its current use as a surface parking facility and storage area with no redevelopment intervention.
Pros	Zero capital expenditure required. Minimal implementation risk. No construction-related disruptions.
Cons	No affordable housing delivered. No contribution to spatial transformation objectives. Continued underutilisation of a strategic public asset. No job creation or economic stimulus. Missed opportunity to leverage public land for social and economic value creation.

Option 2

Component	Assessment
Description	Develop the site exclusively as a fully subsidised social housing project without commercial or mixed-use components.
Pros	Maximises affordable housing provision on the site. Strong social impact and housing delivery outcomes. Direct response to affordable housing demand.
Cons	Commercially and financially unviable without substantial public-sector support. Requires approximately R900 million in direct government funding. Ongoing operational subsidies likely required

Preferred Option: Option 1

Preferred Option Justification:

High-Density Mixed-Use Cross-Subsidised Development comprising social housing, commercial, retail, and mixed-use components. Delivers 291 social housing units while maintaining long-term financial sustainability through commercial cross-subsidisation. The model eliminates the need for ongoing government operational subsidies by generating recurring revenue from commercial and retail components. The option optimises public land value, supports spatial transformation, creates employment, and aligns with WCIP 2050 fiscal sustainability principles.

7.2 Master Plan Integration

Describe the project's overall infrastructure master plan, including the technical blueprint, delivery strategy, and how it aligns with the SIPDM methodology. Explain how the project supports strategic objectives and the planned implementation approach.

Document(s):

1. Subsidy social housing



7.3 Options Analysis

Option A

Component	Assessment
Description	Status Quo (Retain as parking lot). Pros: Zero capital outlay. Cons: Zero social/spatial impact, negative public land value leverage.
Capital Cost	R 430
Operating Cost	R 250
Delivery Time	8 months
Expected Benefits	• Retention of existing parking revenue. • No capital investment required. • Minimal implementation risk.
Score	126
Justification	Maximum affordable housing delivery. Strong social and spatial transformation outcomes. Improved access to employment opportunities for low-income households.

Option B

Component	Assessment
Description	Continue utilising the site as a surface parking facility and storage area.
Capital Cost	R 400
Operating Cost	R 600
Delivery Time	21 months
Expected Benefits	• Retention of existing parking revenue. • No capital investment required. • Minimal implementation risk.
Score	132
Justification	



Option C

Component	Assessment
Description	Pure Social Housing Development-Redevelop the site exclusively for subsidised social housing.
Capital Cost	R 900
Operating Cost	R 500
Delivery Time	36 months
Expected Benefits	• Maximum affordable housing delivery. • Strong social and spatial transformation outcomes. • Improved access to employment opportunities for low-income households.
Score	122
Justification	Significant fiscal burden on government. Limited revenue generation. Long-term financial sustainability concerns. Increased maintenance and lifecycle funding risks.

Preferred Option: Option B

7.4 Summary of Options Considered

Base Case Description

The **Base Case** assumes the implementation of the Leeuloop Development under expected economic, market, and operating conditions. The project will be delivered as an **integrated mixed-use, net-zero carbon-ready urban precinct** through a **Public-Private Partnership (PPP)** model, combining affordable and social housing, market-rate residential units, commercial and retail spaces, public amenities, and sustainable infrastructure.

The base case assumes that statutory approvals, funding commitments, procurement activities, and construction progress are completed in accordance with the approved project schedule and budget. It also assumes stable demand for affordable housing, moderate inflation, manageable construction costs, and continued private-sector participation.



Options Considered (from SG2 Options Identification)

Option A

Component	Assessment
Option Description	Maximum affordable housing delivery. Strong social and spatial transformation outcomes. Improved access to employment opportunities for low-income households.
Advantages	No capital expenditure, minimal implementation risk, no construction disruption.
Disadvantages	No affordable housing, no economic growth, continued underutilisation of public land, no spatial transformation.
Preliminary Cost Estimate	Minimal capital expenditure is required, as no redevelopment or major infrastructure investment is proposed. Costs are limited to the ongoing operation, maintenance, security, and routine upkeep of the existing surface parking and storage facilities. However, the option incurs significant long-term opportunity costs through the continued underutilisation of strategically located public land and the loss of potential social, economic, and environmental benefits.
Preliminary Benefit Estimate	The option provides limited short-term operational benefits by maintaining the current use of the site and avoiding immediate capital investment. However, it delivers no affordable housing, employment creation, urban regeneration, or significant economic development outcomes. Overall, the benefits are minimal and do not contribute to government objectives for spatial transformation, sustainable urban development, or inclusive economic growth.
Value-for-Money Assessment for this Option	This option provides poor value for money . Although it avoids immediate capital expenditure and implementation risks, it does not generate meaningful social, economic, or environmental benefits. The continued underutilisation of a strategically located public asset results in significant opportunity costs, with no contribution to affordable housing, employment creation, urban regeneration, or spatial transformation. Consequently, this option does not represent an efficient or sustainable use of public resources and does not align with government development objectives.



Option B

Component	Assessment
Option Description	
Advantages	• Minimal capital expenditure required. • Low implementation and operational risk. • No construction-related disruptions. • Continued revenue from existing parking operations. • Simple to manage with limited maintenance requirements.
Disadvantages	• Continued underutilisation of a strategically located public asset. • No contribution to spatial transformation or urban regeneration. • No significant employment creation or economic stimulus. • Missed opportunity to attract private-sector investment and improve long-term public value.
Preliminary Cost Estimate	Minimal capital expenditure is required. Costs are limited to routine operation, maintenance, security, and asset management of the existing parking and storage facilities. However, the option carries significant long-term opportunity costs due to the loss of potential social, economic, and financial benefits from redevelopment.
Preliminary Benefit Estimate	The option maintains the current parking and storage operations with limited ongoing revenue and operational continuity. However, it provides minimal social, economic, or environmental benefits and does not support government objectives for affordable housing, sustainable urban development, or inclusive economic growth.
Value-for-Money Assessment for this Option	This option provides limited value for money . While it avoids significant capital investment and maintains the site's current operational use, it fails to unlock the strategic value of the land. It does not contribute to affordable housing delivery, economic growth, employment creation, or urban regeneration, resulting in substantial long-term opportunity costs and limited public benefit.



Option C

Component	Assessment
Option Description	Significant fiscal burden on government. Limited revenue generation. Long-term financial sustainability concerns. Increased maintenance and lifecycle funding risks.
Advantages	• Maximises the provision of subsidised social housing. • Directly addresses the affordable housing shortage. • Improves access to employment opportunities and essential services. • Reduces household transport costs and commuting times. • Promotes social inclusion and spatial transformation. • Delivers significant long-term community benefits.
Disadvantages	• Requires substantial government capital funding. • Limited opportunities for private-sector investment. • No commercial or mixed-use revenue streams to support long-term financial sustainability. • Likely to require ongoing operational subsidies. • Higher fiscal burden on government compared to a mixed-use development model.
Preliminary Cost Estimate	Estimated capital investment of approximately R900 million , together with ongoing operational and maintenance costs. Long-term financial sustainability will depend on continued government funding and support for housing operations.
Preliminary Benefit Estimate	Delivers substantial social benefits through the provision of affordable housing, improved living conditions, reduced transport costs, enhanced access to employment and public services, and positive employment impacts during construction. The project contributes to social equity and urban regeneration but provides lower long-term financial returns than the preferred mixed-use option.
Value-for-Money Assessment for this Option	This option provides moderate value for money by maximising the delivery of affordable and subsidised social housing and addressing a critical housing need. However, the absence of commercial and mixed-use components limits revenue generation, making the project heavily dependent on government funding and ongoing operational subsidies. While the social benefits are substantial, the option is less financially sustainable than a mixed-use development.



Preferred Option - Selection Justification

Component	Assessment
Preferred Option	Option B
Why the Preferred Option Best Meets Government Objectives	Integrated Mixed-Use, Net-Zero Carbon-Ready Development -best meets government objectives by delivering affordable housing, promoting spatial transformation, and supporting inclusive economic growth while ensuring long-term financial sustainability. The project optimises the use of strategically located public land through a mixed-use development model that combines social housing with commercial and residential components, reducing reliance on ongoing government subsidies. It aligns with the Western Cape Infrastructure Plan (WCIP) 2050 , national housing policies, and sustainable urban development objectives by creating employment, attracting private-sector investment, improving access to essential services, reducing household transport costs, and enhancing environmental resilience through low-carbon infrastructure and resource-efficient design.
Value-for-Money Conclusion - Why the Preferred Option is the Best Solution	The preferred option provides the strongest value for money by balancing measurable social, economic, environmental, and financial benefits with long-term affordability and sustainability. It delivers significant public value through affordable housing, urban regeneration, employment creation, and improved infrastructure while leveraging private-sector investment to reduce the burden on public finances. Diversified revenue streams from residential, commercial, and retail components improve financial resilience and support long-term operational sustainability. Compared with the alternative options, the preferred option offers the highest overall benefit, the most efficient use of public resources, and the greatest contribution to government priorities for inclusive growth, spatial transformation, and sustainable infrastructure development.
Supporting Documentation References	The preferred option is supported by the following documents and technical assessments: • Western Cape Infrastructure Plan (WCIP) 2050. • Public Finance Management Act (PFMA), 1999. • Municipal Finance Management Act (MFMA), 2003. • Social Housing Act, 2008 and Social Housing Regulatory Authority (SHRA) guidelines. • Spatial Planning and Land Use Management Act (SPLUMA), 2013. • National Environmental Management Act (NEMA), 1998. • Project Feasibility Study and Business Case. • Cost-Benefit Analysis (CBA) and Value-for-Money Assessment. • Financial Feasibility and Funding Strategy. • Demand and Market Assessment. • Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP). • Risk Assessment and Risk Management Framework. • Sensitivity and Scenario Analysis. • Stakeholder Consultation and Public Participation Reports. • Project Governance, Procurement, and Implementation Plans. • Engineering, Architectural, and Technical Design Reports. • Monitoring and Evaluation Framework.

8 Delivery Mechanism & Procurement Strategy

8.1 Phased Implementation

Implementation Timeline

Phase	Timeline
Planning	Q3, 2026 - Q4, 2026



Phase	Timeline
Procurement	Q4, 2026 - Q1, 2027
Delivery	Q1, 2027 - Q2, 2027
Operational	Q2, 2027 - Q3, 2027

Phasing (Implementation Breakdown)

Phase Name	Timeline	Key Activities	Deliverables	Budget Estimate
Project Planning & Feasibility	3 months	Site surveys, feasibility study, stakeholder consultation, environmental assessments	Feasibility Report, Project Charter, Environmental Assessment	R 2M
Detailed Design & Procurement	6 months	Engineering design, approvals, tender preparation, contractor procurement	Approved Design Drawings, Tender Documents, Awarded Contracts	R 5M
Construction & Infrastructure Development	12 months	Civil works, installation of infrastructure, quality inspections, project monitoring	Completed Infrastructure, Progress Reports, Quality Assurance Certificates	R 90M
Testing, Commissioning & Handover	3 months	System testing, commissioning, staff training, final inspections, project handover	Commissioning Report, Training Completion Report, Handover Certificate	R 3M
Planning & Design	3 months	Conduct feasibility studies, stakeholder engagement, detailed design, and obtain required approvals.	Approved project plan, completed designs, regulatory approvals.	R 500K
Procurement & Mobilisation	4 months	Appoint contractors, procure materials and equipment, mobilise project team.	Signed contracts, procurement completed, site established.	R 10M

8.2 Procurement Methods

BFI Alternative Financing Model	Procurement Strategy Type	Key Stages	Supplier Selection Strategy
DBFO / DBFOM	PPP / DBFOM Contract	RFQ -> RFP -> BAFO -> Financial Close	Best Value and Lifecycle Cost Optimisation

8.3 Bidding Process

A two-stage competitive procurement process will be followed. After prequalification through an RFQ, shortlisted bidders will submit integrated technical, financial, operational, and maintenance proposals via an RFP. Following technical and financial evaluations, bidders may be invited to submit a BAFO before selecting the preferred consortium and achieving financial close.



8.4 Supplier Selection

Supplier selection will focus on Best Value and Lifecycle Cost Optimisation. Evaluation will consider engineering capability, financing capacity, operational expertise, maintenance strategies, innovation, affordability, whole-life asset performance, and long-term value for money.

8.5 Risk-Sharing Mechanisms

- Fixed Price
- Performance-Based Contracting
- Cost Sharing
- Availability Payment Model

8.6 Supervision, Reporting & Evaluation

Supervision Framework

The Leeuloop Development will be supervised through a multi-tier governance structure comprising the Intergovernmental Joint Steering Committee (Western Cape Government, City of Cape Town and National Treasury), the appointed Social Housing Institution (SHI), project management team, and independent technical advisors. Oversight will focus on project delivery, financial management, procurement compliance, ESG performance, risk management, and achievement of social housing outcomes.

Reporting Framework

Indicator	Baseline	Target	Reporting Frequency
Housing Units Delivered	0	291	Monthly
Occupancy Rate	0%	100%	Monthly
Jobs Created	0	5,540	Quarterly
GDP Contribution	0	R1.2 billion	Annual
Local Procurement Spend	0%	>=30%	Quarterly
EIRR	N/A	18.4%	Annual

Evaluation Framework

The evaluation framework will assess:

- Relevance and alignment with strategic objectives.
- Effectiveness in achieving housing delivery targets.
- Efficiency of resource utilisation.
- Financial sustainability.
- Economic and social impact.
- ESG performance.
- Long-term spatial transformation outcomes.

8.7 Implementation Strategy

The project will be delivered through a phased implementation approach over approximately 36 months, incorporating planning, approvals, procurement, construction, commissioning, occupancy, and operational management phases. Commercial revenues will cross-subsidise social housing operations to ensure long-term sustainability.



8.8 Project Timeline & Deliverables

Phase 1: Project Planning & Feasibility			Start: 10 Jul 2026 End: 20 Nov 2026 Status: In Progress
Milestone: Project Approval			Start: 01 Aug 2026 End: 31 Aug 2026
#	Deliverable	Owner / Responsible	Due Date
1	Approved Project Charter	Project Sponcer	20 Aug 2026
Milestone: Feasibility Study Completed			Start: 01 Sep 2026 End: 30 Sep 2026
#	Deliverable	Owner / Responsible	Due Date
1	Feasibility Study Report	Project Manager	10 Sep 2026
Phase 2: Procurement & Contractor Appointment			Start: 15 Jul 2026 End: 30 Nov 2026 Status: Not Started
Milestone: Procurement plan			Start: 01 Oct 2026 End: 15 Oct 2026
#	Deliverable	Owner / Responsible	Due Date
1	Procurement Management Plan	Procurement Manager	05 Oct 2026
2	Tender Advertisement	Project Owner	10 Oct 2026

8.9 Outcomes & Monitoring and Evaluation Framework

Outcome Benefits

Key outcomes include: direct spatial integration of 291 families; R918m in fixed capital formation; reduction of precinct carbon emissions by 30% through green engineering; and R14m annual municipal rates contribution.

9 Project Communication & Stakeholder Engagement

9.1 Investor Engagement Strategies

The project will implement a structured investor engagement strategy to build confidence, promote transparency, and maintain alignment throughout the project lifecycle. Engagement activities will include regular investment briefings, timely disclosure of project information, and presentation of the approved business case, feasibility assessment, and value-for-money outcomes. Investment-ready documentation, including financial model summaries, funding requirements, risk assessments, and implementation schedules, will be prepared to support informed investment decisions.

Targeted engagement will be undertaken with Development Finance Institutions (DFIs), commercial financiers, private investors, and strategic funding partners to communicate the project's strategic objectives, financial viability, and expected socioeconomic benefits. Where applicable, funding structures, revenue generation models, risk allocation mechanisms, and anticipated investment returns will be clearly articulated. Ongoing communication will be maintained through milestone-based progress reports, governance meetings, and periodic performance updates to ensure continued investor confidence and alignment with Stage Gate 4 (Business Case) requirements under the National Treasury BFI and GTAC infrastructure delivery frameworks.

9.2 Community Participation

Community participation will be undertaken through a structured and inclusive engagement process to ensure that affected communities are informed, consulted, and provided with meaningful opportunities to contribute throughout the project lifecycle. Engagement activities will include public meetings, stakeholder workshops, community consultations, surveys, focus group discussions, and formal public participation

processes, where applicable.

The project will establish clear communication channels to share project information, gather community feedback, address concerns, and respond to grievances in a timely and transparent manner. Particular attention will be given to engaging vulnerable and historically disadvantaged groups to promote equitable participation and social inclusion. Feedback received during consultation will be documented, assessed, and incorporated into project planning and implementation where appropriate.

This approach strengthens community ownership, enhances project transparency, reduces implementation risks, supports social acceptance, and ensures compliance with National Treasury BFI, GTAC guidance, environmental and social governance requirements, and applicable public participation legislation.

9.3 Government and Regulatory Interactions

The project will maintain structured and ongoing engagement with relevant government departments, regulatory authorities, and statutory agencies to ensure compliance with all applicable legislation, policies, standards, and approval requirements throughout the project lifecycle. Engagement will include early consultation during project planning, coordination of statutory approvals and permits, submission of required reports and supporting documentation, and participation in formal review and governance processes.

Regular communication will be maintained with national, provincial, and local government stakeholders to monitor regulatory requirements, resolve compliance issues, and facilitate timely decision-making. The project team will coordinate responses to regulatory comments, monitor permit conditions, and ensure that all environmental, planning, procurement, financial, and operational obligations are fulfilled.

A structured governance and reporting framework will support transparent communication, accountability, and intergovernmental coordination, ensuring that project implementation remains aligned with National Treasury BFI requirements, GTAC infrastructure delivery guidance, applicable legislation, and relevant sector regulations.

9.4 Collaboration & Partner Strategy

The project will implement a structured collaboration and partnership strategy to promote effective coordination among all delivery partners, government entities, contractors, consultants, financiers, and other key stakeholders throughout the project lifecycle. Roles, responsibilities, governance arrangements, and decision-making processes will be clearly defined to ensure accountability, efficient communication, and timely resolution of project issues.

Collaboration will be supported through regular coordination meetings, joint planning workshops, technical review sessions, progress reporting, and formal information-sharing mechanisms. Strategic partnerships will be established based on technical expertise, operational capability, financial capacity, and alignment with the project's objectives. Where applicable, collaboration agreements, memoranda of understanding (MOUs), and service-level agreements (SLAs) will define responsibilities, performance expectations, and risk-sharing arrangements.

This collaborative approach strengthens stakeholder alignment, improves project governance, enhances knowledge sharing, reduces delivery risks, and supports the successful achievement of project outcomes in accordance with National Treasury BFI, GTAC infrastructure delivery guidance, and recognised project management best practices.

9.5 Public Interest Considerations

The project will be planned and implemented in a manner that promotes the public interest by delivering sustainable social, economic, and environmental benefits while ensuring transparency, accountability, and equitable access to infrastructure services. Decision-making will consider the needs of communities, government priorities, and broader national and regional development objectives to maximise long-term public value.

The project will prioritise affordability, accessibility, public safety, environmental sustainability, and inclusive service delivery, with particular consideration for vulnerable and historically disadvantaged groups. Public concerns, stakeholder feedback, and social impact assessments will inform project planning, implementation, and operational decisions to ensure that community expectations are appropriately addressed. Governance arrangements will support ethical conduct, regulatory compliance, transparent procurement, and responsible management of public resources. Regular public communication, performance reporting, and stakeholder engagement will strengthen accountability and maintain public confidence throughout the project lifecycle.

This approach ensures that infrastructure investment delivers measurable public benefits, supports sustainable development objectives, and aligns with National Treasury BFI requirements, GTAC infrastructure delivery guidance, and applicable public sector governance principles.

10 Special (e.g. Gender) Procurement Actions & Social Impact

10.1 Gender-Responsive Procurement

The Leeuloop Development will implement a gender-responsive and inclusive procurement strategy aimed at broadening participation in economic opportunities and supporting transformation objectives.



Key measures include:

- Prioritisation of procurement opportunities for women-owned businesses, youth-owned enterprises, and historically disadvantaged individuals (HDIs).
- Allocation of at least 30% of procurement expenditure to local SMMEs, in line with inclusive economic development objectives.
- Inclusion of targeted subcontracting opportunities for emerging contractors and suppliers.
- Application of preferential procurement principles consistent with applicable public procurement legislation and transformation policies.
- Monitoring and reporting on participation rates of designated groups throughout the project lifecycle.
- Promotion of skills development, mentorship, and enterprise development initiatives linked to project delivery.
- Encouragement of local employment and labour-intensive construction practices where feasible.

10.2 Social Benefits & Value

The project delivers significant social value and public benefits through:

Social Benefit Area	Expected Impact
Affordable Housing Delivery	291 highly subsidised social housing units
Spatial Transformation	Improved access to well-located housing within the CBD
Poverty Reduction	Reduced transport costs and increased disposable household income
Employment Creation	3,200 direct, 1,450 indirect and 890 induced jobs
Economic Inclusion	Increased opportunities for local SMMEs and emerging enterprises
Social Cohesion	More inclusive and integrated urban communities
Access to Opportunities	Reduced commuting times by up to 2 hours per day
Public Asset Optimisation	Productive use of strategically located public land

The project's distributional analysis indicates that approximately 68% of the net economic surplus generated by the development accrues to lower-income households, demonstrating a strong pro-poor impact.

10.3 Sustainability and Environmental Compliance

The Leeuloop Development will integrate sustainability principles throughout planning, construction, and operational phases.

Key environmental commitments include:

- Incorporation of water-resilient architecture and climate-adaptive building design.
- Installation of low-flow water fittings and water-efficiency technologies.
- Deployment of solar photovoltaic (PV) backup systems to improve energy resilience.
- Adoption of energy-efficient building systems and sustainable construction practices.
- Compliance with applicable environmental legislation and municipal sustainability requirements.
- Reduction of resource consumption and operational carbon footprint.
- Sustainable waste management and recycling measures during construction and operation.
- Alignment with national climate resilience and sustainable urban development objectives.

The project is designed to respond to Cape Town's climate-related risks, including water scarcity, drought conditions, and increasing environmental pressures associated with climate change.

10.4 Legal and Technical Due Diligence

Comprehensive legal and technical due diligence will be undertaken to ensure project viability, compliance, and risk mitigation.

Legal Due Diligence

- Verification of land ownership and property rights.
- Review of development rights, zoning, and land-use approvals.

- Assessment of compliance with the Public Finance Management Act (PFMA) and other applicable legislation.
- Review of procurement, contractual, and governance arrangements.
- Confirmation of environmental and statutory approval requirements.
- Assessment of regulatory compliance risks and mitigation measures.

Technical Due Diligence

- Engineering and infrastructure capacity assessments.
- Site suitability and geotechnical investigations.
- Architectural and design reviews.
- Construction cost verification and quantity surveying assessments.
- Environmental impact and sustainability assessments.
- Operational and lifecycle maintenance planning.
- Independent review of feasibility studies and financial assumptions.
- Assessment of construction programme, delivery risks, and implementation capacity.

Due Diligence Outcome

The due diligence process will provide assurance that the project:

- Is legally compliant and appropriately authorised.
- Is technically feasible and deliverable.
- Represents value for money.
- Is financially sustainable.
- Meets ESG and responsible investment requirements.
- Is capable of delivering its intended social, economic, and spatial transformation outcomes.

11 Operations & Maintenance Strategy

11.1 Long-Term Asset Management

Expenditure Statement (Uses of Funds)

The Leeuloop Development requires significant capital investment to deliver a world-class, mixed-use, net-zero carbon-ready urban precinct comprising affordable housing, commercial facilities, public infrastructure, and sustainable urban amenities. Project expenditure includes land development, design and professional services, construction, utility infrastructure, environmental compliance, project management, technology systems, and contingency provisions. Capital expenditure will be incurred through a phased implementation approach to optimise cash flow and minimise delivery risk. Ongoing operational expenditure will cover facilities management, asset maintenance, utilities, tenant management, and lifecycle renewal activities. Robust financial controls, regular budget monitoring, and value-for-money assessments will ensure efficient utilisation of public resources while supporting the project's long-term financial sustainability and successful delivery.

Funding Statement (Sources of Funds)

The Leeuloop Development will be financed through a combination of **public-sector funding, private-sector investment, and social housing grant funding** to ensure long-term financial sustainability. The project will utilise a **Public-Private Partnership (PPP)** model, supported by government capital contributions, private equity, commercial financing, and funding from the **Social Housing Regulatory Authority (SHRA)** where applicable. Revenue generated from commercial, retail, and market-rate residential components will help cross-subsidise the delivery and operation of affordable housing, reducing reliance on ongoing government subsidies. All funding will be managed through robust financial governance arrangements, including ring-fenced project accounts, regular financial reporting, and compliance with the **Public Finance Management Act (PFMA)**, **Municipal Finance Management Act (MFMA)**, and applicable procurement and financial management regulations to ensure transparency, accountability, and value for money.

Cashflow Statement

The Leeuloop Development will be implemented through a phased cashflow approach, with expenditure aligned to project milestones and funding availability. Cash outflows will primarily occur during the planning, design, procurement, and construction phases, covering professional services, land development, infrastructure works, construction activities, equipment, and project management costs. Cash inflows will be generated through government funding, private-sector investment, commercial financing, social housing grants, and revenue from market-rate residential, commercial, and retail components. During the operational phase, recurring income from social housing rentals, commercial leases, retail rentals, and property sales will support operating costs, asset maintenance, debt servicing, and long-term financial sustainability. Regular cashflow forecasting, financial monitoring, and prudent treasury management will ensure sufficient liquidity, timely payments, and effective financial control throughout the project lifecycle.



Contingent Liability Statement

The Leeuloop Development may give rise to contingent liabilities associated with construction cost overruns, contractual claims, delays in project delivery, regulatory compliance requirements, environmental obligations, and long-term asset management responsibilities. Additional contingent liabilities may arise from guarantees provided under the Public-Private Partnership (PPP) arrangement, unforeseen site conditions, legal disputes, or changes in legislation and market conditions. These potential liabilities will be managed through comprehensive risk management, appropriate insurance coverage, contractual risk allocation, contingency funding, and strict financial governance. Regular monitoring, independent audits, and compliance with the **Public Finance Management Act (PFMA)**, **Municipal Finance Management Act (MFMA)**, and applicable procurement regulations will minimise financial exposure and ensure that any contingent liabilities remain within acceptable and manageable limits throughout the project lifecycle.

11.2 Performance Monitoring

Supervision Framework

The Leeuloop Development will be supervised through a multi-tier governance structure comprising the Intergovernmental Joint Steering Committee (Western Cape Government, City of Cape Town and National Treasury), the appointed Social Housing Institution (SHI), project management team, and independent technical advisors. Oversight will focus on project delivery, financial management, procurement compliance, ESG performance, risk management, and achievement of social housing outcomes.

M&E Framework - KPIs & Data Sources

KPI	Target	Data Source
Social housing units delivered	291 units	Construction progress reports
Occupancy rate	100% within 3 months	SHI tenancy records
Direct jobs created	3,200	Contractor employment records
Indirect jobs created	1,450	Supply chain reports
Induced jobs supported	890	Economic impact assessments
Local SMME procurement	Minimum 30%	Procurement reports
Household transport cost reduction	40% to <15% of disposable income	Resident surveys
Commuting time reduction	Up to 2 hours per day	Travel surveys
ESG compliance score	100% compliance	ESG audits
Financial sustainability	Positive operating surplus	Audited financial statements

M&E Responsibility & Feedback Loops

Responsibility	Institution
Strategic oversight	Joint Steering Committee
Project monitoring	Project Management Office (PMO)
Housing performance monitoring	Accredited SHI
ESG monitoring	Independent ESG Advisor
Financial monitoring	Treasury & Finance Team
Impact evaluation	Independent Evaluation Specialist

Feedback mechanisms will include quarterly review meetings, annual impact assessments, stakeholder engagement sessions, and corrective action plans where performance deviations occur.



Reporting Frequency & Format

Report Type	Frequency
Construction Progress Report	Monthly
Financial Performance Report	Quarterly
ESG Compliance Report	Quarterly
Procurement & SMME Participation Report	Quarterly
Housing Occupancy Report	Monthly post-completion
Impact Monitoring Report	Annually
Independent Evaluation Report	Mid-Term and End-Term

Evaluation Schedule

Evaluation	Timing
Baseline Assessment	Pre-implementation
Mid-Term Evaluation	18 months
Construction Completion Evaluation	Project completion
Occupancy & Social Impact Evaluation	12 months after occupation
Long-Term Impact Evaluation	Years 5 and 10

Reporting Framework

Indicator	Baseline	Target	Reporting Frequency
Housing Units Delivered	0	291	Monthly
Occupancy Rate	0%	100%	Monthly
Jobs Created	0	5,540	Quarterly
GDP Contribution	0	R1.2 billion	Annual
Local Procurement Spend	0%	>=30%	Quarterly
EIRR	N/A	18.4%	Annual

Evaluation Framework

The evaluation framework will assess:

- Relevance and alignment with strategic objectives.
- Effectiveness in achieving housing delivery targets.
- Efficiency of resource utilisation.
- Financial sustainability.
- Economic and social impact.
- ESG performance.
- Long-term spatial transformation outcomes.

Incentives for Successful Delivery

A performance-based incentive framework will be implemented to encourage the timely, cost-effective, and high-quality delivery of the project. Contractors and implementation partners may receive incentives for achieving key milestones ahead of schedule, meeting or exceeding quality and safety standards, maintaining compliance with contractual requirements, delivering measurable cost efficiencies, and achieving agreed Key Performance Indicators (KPIs). Performance will be assessed through regular monitoring, progress reviews, and quality audits to ensure accountability, continuous improvement, and successful project outcomes.

Penalties for Non-Performance

Penalties will be applied where contractors or implementation partners fail to meet contractual obligations, agreed performance standards, or project milestones. Non-performance may include unjustified delays, poor-quality workmanship, cost overruns attributable to contractor performance, non-compliance with health, safety, environmental, or regulatory requirements, and failure to achieve agreed Key Performance Indicators (KPIs). Penalties may include liquidated damages, financial deductions, withholding of milestone payments, mandatory corrective action plans, suspension of work, or contract termination where appropriate. These measures will promote accountability, protect public funds, and ensure the successful and timely delivery of the project.

11.3 Digital Technology Leverage

The project will leverage digital technologies to improve infrastructure planning, asset management, operational efficiency, and informed decision-making throughout the asset lifecycle. Integrated digital systems will enhance data quality, support proactive maintenance, strengthen governance, and provide real-time visibility of project and asset performance.

Where appropriate, **Computerised Maintenance Management Systems (CMMS)** will be implemented to automate maintenance scheduling, manage work orders, and maintain comprehensive asset maintenance histories. **Asset Management and Infrastructure Information Systems** will provide centralised asset registers, lifecycle information, and infrastructure performance records to support effective asset planning and management.

Geographic Information Systems (GIS) will be used to map infrastructure assets, analyse spatial data, support network planning, and improve location-based decision-making. **Real-Time Monitoring and Telemetry Systems** will enable continuous monitoring of infrastructure performance through sensors, remote data collection, and automated alerts, allowing early identification of operational issues.

11.4 Resilience Planning and Climate Adaptation

Overall EIA Summary & Environmental Authorisation Status

A preliminary Environmental Impact Assessment (EIA) indicates that the proposed project is environmentally feasible and can proceed subject to the completion of all applicable environmental assessment processes and statutory approvals. The project has identified potential environmental and social impacts at an early stage and will implement appropriate mitigation measures to ensure compliance with environmental legislation, regulatory requirements, and sustainable development principles.

The proposed development is expected to deliver significant long-term environmental and socio-economic benefits through improved infrastructure efficiency, enhanced service delivery, responsible resource utilisation, and increased climate resilience. Potential short-term impacts during construction—such as dust, noise, traffic disruption, vegetation disturbance, waste generation, and temporary community inconvenience—are anticipated to be localised and manageable through the implementation of an approved Environmental Management Programme (EMPr).

Key Environmental Impact Findings

Environmental authorisation requirements have been identified, and all necessary permits, licences, and approvals will be obtained from the relevant competent authorities before construction activities commence. The project will comply with all applicable environmental legislation, permit conditions, environmental monitoring requirements, and reporting obligations throughout the project lifecycle.

Environmental performance will be monitored through regular inspections, compliance audits, environmental monitoring programmes, and stakeholder engagement to ensure that mitigation measures remain effective and that any emerging environmental risks are addressed promptly.

Environmental Authorisation Status: Pending - Environmental assessment and statutory approval processes will be completed before implementation.

Overall, the preliminary EIA confirms that the project is environmentally viable, with no significant long-term adverse impacts anticipated, provided that all recommended mitigation measures, EMPr requirements, and regulatory conditions are fully implemented and monitored throughout planning, construction, operation, and maintenance.

Key Social Impact Findings (EIA / SIA)

The preliminary Environmental and Social Impact Assessment (EIA/SIA) indicates that the proposed project is expected to deliver significant positive social outcomes while any temporary adverse impacts during implementation can be effectively managed through appropriate mitigation measures, stakeholder engagement, and ongoing monitoring.

The project will improve access to reliable and sustainable infrastructure services, resulting in enhanced quality of life, improved public safety, and increased service reliability for communities, businesses, and public institutions. The investment is expected to stimulate local economic development through employment creation, procurement opportunities for local suppliers and SMMEs, and skills development during both the construction and operational phases.

The Social Impact Assessment also identifies positive impacts on social inclusion by improving access to services for women, youth, persons with disabilities, and underserved communities. The project will promote equitable participation through inclusive procurement practices, local employment opportunities, and meaningful stakeholder engagement throughout the project lifecycle.

Gender Impact Findings (EIA / GIA)

The preliminary Gender Impact Assessment (GIA) indicates that the proposed project is expected to have a positive impact on gender equality, social inclusion, and equitable access to infrastructure and services. The project has been designed to ensure that women, men, youth, persons with disabilities, and other vulnerable groups benefit fairly from the investment while reducing barriers to participation and access.

The project will promote **gender-responsive procurement** by encouraging the participation of women-owned and women-led enterprises, supporting SMMEs, and creating equal employment opportunities during the construction, implementation, and operational phases. Skills development, training, and capacity-building initiatives will be implemented to strengthen women's participation in technical, professional, and leadership roles.

The project will also improve access to safe, reliable, and inclusive infrastructure by incorporating universal accessibility principles and considering the needs of women, children, elderly persons, and persons with disabilities in project planning and design. Community engagement activities will ensure that women and other underrepresented groups have opportunities to participate in consultations and decision-making processes throughout the project lifecycle.

Mitigation Measures & EMPr Summary

The project will implement a comprehensive **Environmental Management Programme (EMPr)** to prevent, minimise, and manage potential environmental and social impacts throughout the planning, construction, operation, and maintenance phases. The EMPr will ensure compliance with applicable environmental legislation, regulatory approvals, National Treasury (NT), Budget Facility for Infrastructure (BFI) requirements, and recognised environmental management standards.

The mitigation strategy will follow the **mitigation hierarchy** by avoiding impacts where possible, minimising unavoidable impacts, restoring affected areas, and continuously monitoring environmental performance. Responsibilities for implementing mitigation measures will be assigned to the Project Management Team, contractors, environmental specialists, and relevant stakeholders.

Residual Impacts & Acceptability

Following the implementation of mitigation measures, the residual environmental, social, financial, and operational impacts of the Leeuloop Development are expected to be **low to moderate** and within acceptable levels. While some temporary impacts-such as construction-related noise, dust, traffic disruptions, and short-term community inconvenience-may remain, these will be effectively managed through environmental management plans, health and safety procedures, and ongoing stakeholder engagement.

The project's long-term positive impacts, including the delivery of affordable housing, employment creation, urban regeneration, improved access to essential services, reduced transport costs, and sustainable infrastructure, significantly outweigh the residual risks. Continuous monitoring, regulatory compliance, adaptive management, and periodic performance reviews will ensure that residual impacts remain acceptable throughout the project lifecycle.

Overall, the residual impacts are considered **acceptable** when balanced against the substantial social, economic, environmental, and developmental benefits delivered by the Leeuloop Development and its alignment with the **Western Cape Infrastructure Plan (WCIP) 2050**.

Environmental Authorisation Conditions & Compliance Status

The proposed project will be implemented in full compliance with all applicable environmental legislation, regulatory requirements, and conditions of environmental authorisation issued by the relevant competent authorities. Environmental compliance will be integrated into every stage of the project lifecycle, from planning and design through construction, operation, and maintenance, to ensure sustainable development and responsible environmental management.

Prior to the commencement of construction, all required environmental approvals, permits, licences, and statutory authorisations will be obtained. The project will comply with the conditions specified in the Environmental Authorisation (EA), Environmental Management Programme (EMPr), water use licences (where applicable), waste management requirements, heritage approvals, and any other relevant regulatory obligations.

Key Environmental Authorisation Conditions

- Obtain all required environmental permits and statutory approvals before construction begins.
- Implement the approved Environmental Management Programme (EMPr) throughout the project lifecycle.
- Comply with all environmental legislation, permit conditions, and regulatory requirements.
- Protect environmentally sensitive areas, biodiversity, water resources, and natural habitats.
- Implement effective measures to control dust, noise, waste, stormwater, and pollution.
- Conduct environmental monitoring, inspections, and compliance audits at regular intervals.

- Report environmental incidents, non-compliance issues, and corrective actions to the relevant authorities as required.
- Rehabilitate disturbed areas and restore the site upon completion of construction activities.
- Maintain comprehensive environmental records, monitoring reports, and audit documentation

11.5 Institutional & Operational Readiness

The Institutional and Operational Readiness Assessment evaluates whether the implementing organisation has the governance structures, organisational capacity, operational systems, financial resources, technical capability, and institutional arrangements necessary to successfully deliver, operate, and sustain the project throughout its lifecycle.

The assessment considers organisational governance, leadership capacity, staffing and skills, operational processes, asset management capability, financial sustainability, procurement readiness, risk management, information systems, regulatory compliance, and stakeholder coordination. It also identifies institutional gaps, operational constraints, and capacity-building requirements that may affect project implementation or long term service delivery.

Where gaps are identified, appropriate mitigation measures including recruitment, training, organisational strengthening, process improvements, technology adoption, and partnership arrangements will be incorporated into the implementation plan to ensure operational readiness before project commissioning.

This assessment provides assurance that the organisation is adequately prepared to deliver and manage the infrastructure asset effectively, supports sustainable service delivery, and aligns with National Treasury BFI requirements, GTAC infrastructure delivery guidance, ISO 55001 Asset Management principles, and recognised public sector governance and project management best practices.

12 CONCLUSION & CALL TO ACTION

The Leeuloop Precinct Development represents a transformative opportunity for the Western Cape Government to demonstrate how strategic public land assets can be leveraged to deliver meaningful social, economic and spatial development outcomes. Situated within the Cape Town Central Business District, the project responds directly to the growing demand for affordable and well-located housing while simultaneously unlocking private sector investment, stimulating economic activity and advancing urban regeneration objectives. The business case demonstrates that the proposed development is strategically aligned with national, provincial and municipal policy priorities, including spatial transformation, infrastructure-led growth, affordable housing delivery and inclusive economic development. Through its mixed-use development model, the project balances commercial viability with significant public value creation by delivering more than 830 residential units, of which a minimum of 35% will be dedicated to social housing. This approach ensures that the project not only addresses critical housing needs but also contributes to the creation of a more integrated, equitable and economically vibrant city.

Approval of this business case will enable the Western Cape Government to initiate the disposal and development process, secure development partners and commence implementation of a project that will deliver lasting economic, social and spatial benefits for current and future generations.