



Project Prefeasibility Report

1. Project Details

Project Name	IAM: Founders Garden Artscape
Location	City of Cape Town
Sector	Social
Department	Department Of Infrastructure
Project Owner	Lindelwa Mabuntane
Project Manager	Lindelwa Mabuntane

1.1 Background & Justification

Situated adjacent to the Artscape Theatre Complex and within close proximity to major transport hubs, this development will unlock 97,125 m2 of approved development rights to create a high-density, mixed-use precinct. The project will deliver over 2,000 residential units, supported by retail and commercial spaces and essential public amenities.

Through a public-private partnership model and a cross-subsidisation approach, the project ensures financial sustainability while maximizing social impact. Key features include:

1. Provision of an Early Childhood Development Centre
2. Integration of green and public spaces
3. Adoption of sustainable, low-carbon design principles
4. Seamless connection with the Artscape cultural precinct

This initiative represents a strategic response to the demand for affordable housing in Cape Town's city center, while promoting inclusive urban growth and transit-oriented development.

1.2 Project Scope

The Western Cape Government (WCG) proposes the development of the Founders Garden site in Cape Town into a high-density, mixed-use precinct with a strong emphasis on social housing delivery. The project aims to optimize the use of scarce, well-located public land in the city center by creating a vibrant, inclusive urban environment.

2. Objectives & Key Focus Areas

Objective	Key Focus Area
Residential Development: Deliver more than 2,000 residential units, of which approximately 1,179 units (47% of residential floor space) will be allocated to social housing, ensuring a mixed-income community.	• Prioritising Infrastructure for Maximum Impact

Objective	Key Focus Area
Mixed-Use Integration: Incorporate retail and commercial spaces, as well as public amenities such as an Early Childhood Development (ECD) Centre, to support community needs and economic activity.	• Innovation & Futures Planning
Urban Density and Land Optimization: Achieve an exceptional density of over 1,000 dwelling units per hectare, maximizing the development potential of this strategic Foreshore site.	• Strengthening Municipal Infrastructure • Innovation & Futures Planning
Public Benefit and Social Impact: Provide green spaces, community facilities, and enhanced Artscape infrastructure, contributing to cultural and social enrichment.	• Prioritising Infrastructure for Maximum Impact
Sustainability and Mobility: Apply low-carbon design principles and transit-oriented development strategies, leveraging proximity to major transport hubs.	• Innovation & Futures Planning • Addressing Climate Change & Sustainability
Innovative Delivery Model: Implement a public-private partnership approach with delayed land transfer, reducing financial risk to the state while ensuring timely and cost-effective project delivery.	• Enhancing Private Sector Partnerships

3. Project Timeline & Cost

Estimated Duration	6 Year(s) & 0 Month(s)
Estimated Start Date	30 Jun 2026
Estimated Cost	R 2.256B

4. Project Stage-0 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	

5. Environmental & Social Considerations

5.1 Environmental Considerations

- Air, water, and soil pollution from industrial and agricultural activities
- Greenhouse gas emissions and deforestation contributing to climate change
- Preservation of ecosystem services like clean air, water, and climate regulation

5.2 Social Considerations

- Respect for human rights including labor, land, and indigenous rights
- Protection of health and safety from environmental hazards
- Preservation of cultural heritage sites and artifacts
- Promotion of social equity and fair distribution of development benefits
- Engagement with stakeholders throughout the project lifecycle

6. Regulatory & Environmental Approvals

6.1 National Level

- Environmental Management Inspectors (EMIs): Responsible for compliance and enforcement of environmental regulations
- National Environmental Management Act (NEMA): Governs environmental management and authorization processes, including Environmental Authorizations (EAs)
- Environmental Management Frameworks (EMFs): Strategic planning tools for land-use and environmental management decisions

6.2 Provincial and Local Levels

- Provincial Environmental Departments: Implement and enforce environmental regulations within provinces
- Municipalities: Play a role in environmental management, especially in land-use planning and development applications

6.3 Other Relevant Entities

- Environmental Assessment Practitioners Association of South Africa (EAPASA): Voluntary certification body for Environmental Assessment Practitioners
- Western Cape Government (WCG): Overall custodian of the site; initiator of the disposal and redevelopment process.
- Department of Infrastructure (DOI): Lead department for GIAMA compliance; issued formal notice for intergovernmental interest.
- Department of the Premier – Legal Services: Reviewed GIAMA consultation outcomes; confirmed legal alignment with C-AMP.
- Municipal Authorities (City of Cape Town): Local planning and zoning authority; supports integration with city infrastructure.
- Councils for the Built Environment Professions (CBEP): Regulates professions involved in the built environment
- Wildlife and Environment Society of South Africa (WESSA): Non-profit organization involved in environmental conservation and education

7. Identify Key Stakeholders

7.1 Government

- Department Of Infrastructure
- Department of Premier
- Department of Social Development
- Department of Human Settlements
- Department of Cultural Affairs and Sport
- Department of Environmental Affairs and Development Planning
- Western Cape Government

7.2 State-Owned Entities

7.3 Private Sector

7.4 Civil Society

7.5 Other Stakeholders

- **Private Developer / Ring-Fenced Developer Company Selected through a Request-for-Proposal (RFP)**
Municipal Authorities (City of Cape Town): Local planning and zoning authority; supports integration with city infrastructure. Private Developer (to be appointed): Responsible for design, construction, and delivery of the mixed-use precinct. Social Housing Institution (SHI): Partner for delivery and management of the affordable rental housing component. Artscape Theatre Centre: Cultural anchor adjacent to the site; partner in precinct integration and public realm design. Provincial Treasury: Oversight of financial structuring and value-for-money assessment. Community Stakeholders & Civil Society: Beneficiaries and contributors to public participation and inclusive design.

8. WCG Sector Priorities

Outcomes	Social	Energy & Water	Economic	Technology	Ecological
Households have increased access to basic services and improved shelter		Medium Term 5-15 YRS			
Infrastructure investment drives spatial transformation and improves spatial resilience			Medium Term 5-15 YRS	Medium Term 5-15 YRS	Medium Term 5-15 YRS
Investment in social infrastructure improves access to health, education, social development, and recreation opportunities	Medium Term 5-15 YRS				

9. Infrastructure Type

9.1 Hard

9.2 Soft

9.3 Critical

Essential systems for resilience, safety, and sustainability:.

1. Energy Systems:

2. Low-carbon design and energy-efficient systems
1. Transport Connectivity:

2. Proximity to Civic MyCiTi Station and Cape Town Rail Station (transit-oriented development
1. Climate Resilience:

2. Flood mitigation, stormwater control, and green building standards.
1. Emergency Preparedness:

2. Fire safety systems, evacuation routes, and disaster response planning

10. Project Stage-1 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	

11. Geo Location

Geo Location	F W de Klerk Blvd, Cape Town City Centre, Cape Town, South Africa
Latitude	-33.917238
Longitude	18.431677

12. Procurement Planning

- Decentralized Preference Criteria

It aligns with the PPPFA and the current Preferential Procurement Regulations (PPR) framework, as well as the infrastructure procurement approach under National Treasury’s FIDPM adopted by the Western Cape Government (WCG).

- **Designated Groups**
Women-owned enterprises Youth-owned enterprises Persons with disabilities Small, Medium and Micro Enterprises (SMMEs) Co-operatives Enterprises located in rural or township areas Historically Disadvantaged Individuals (HDIs) (by race, gender, disability)
- **Broad-Based Black Economic Empowerment (B-BBEE)**
All identified designated groups are aligned with the objectives of Broad-Based Black Economic Empowerment (B-BBEE)

13. Procurement Action

- **E-Procurement Solution (ePS)**
All suppliers doing business with WCG via the eProcurement System (ePS) must: - Register on the CSD (national requirement). - Register on WCSEB (provincial requirement). This dual registration ensures: - Compliance with National Treasury Instruction Note 4A of 2016/17. - Streamlined procurement and verification processes.
- **Western Cape Supplier Evidence Bank (WCSEB)**
Storage of Governance and compliance documents such as: - Tax clearance (SARS PIN) - B-BBEE certificate or sworn affidavit - Declaration of Interest (WCBD 4) - Preference Point Claim Form (WCBD 6.1) - CIDB certificate (for construction services) - Security Officer’s Board Certificate (if applicable) These documents are verified annually.
- **Procurement Planning**
Procurement Planning Framework 1. Procurement Objectives - Ensure timely delivery of social housing and public amenities. - Maximize private sector participation while safeguarding WCG’s development objectives. - Comply with PPPFA, Preferential Procurement Regulations, and FIDPM. 2. Procurement Method - Competitive Bidding via Request for Proposal (RFP). - Evaluation Criteria: - Price (80/20 or 90/10 system depending on contract value). - Specific goals (designated groups, local SMMEs, job creation, sustainability). - Technical functionality (minimum threshold before scoring preference points).
- **Preferential Procurement Regulations (2022)** - Aligned : Yes
- **Sustainable Public Procurement (SPP)** - Aligned : Yes

14. Social Impact

- **Inclusive Economic Participation**
- **Environmental Sustainability**
- **Skills Development and Job Creation**
- **Community Empowerment**
- **Ethical and Transparent Governance**

15. Property Availability

Has the land for the site been identified?: Yes
Remarks: Site Details Location: Foreshore, Cape Town CBD (Roggebaai), adjacent to Artscape Theatre Complex.
Properties: - Erf 281 (Artscape): 2.0174 ha - Erf 282 (Founders Garden): 2.1916 ha - Total Extent: 4.2090 ha Ownership: Western Cape Government (WCG). Current Use: - Artscape: Theatre complex. - Founders Garden: Underutilized (Zip Zap Circus tent and overflow parking).

16. Project Stage-2 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	

17. Background & Justification

Situated adjacent to the Artscape Theatre Complex and within close proximity to major transport hubs, this development will unlock 97,125 m2 of approved development rights to create a high-density, mixed-use precinct. The project will deliver over 2,000 residential units, supported by retail and commercial spaces and essential public amenities.

Through a public-private partnership model and a cross-subsidisation approach, the project ensures financial sustainability while maximizing social impact. Key features include:

- 1. Provision of an Early Childhood Development Centre
- 2. Integration of green and public spaces
- 3. Adoption of sustainable, low-carbon design principles
- 4. Seamless connection with the Artscape cultural precinct

This initiative represents a strategic response to the demand for affordable housing in Cape Town's city center, while promoting inclusive urban growth and transit-oriented development.

18. Economic and Social Justification

- **Job creation**
- Construction and operations phases will generate direct and indirect employment, including opportunities for local SMMEs and designated groups (women, youth, persons with disabilities). - Skills transfer through training and internships in line with WCG procurement goals.
- **Inclusive growth**
Catalyst for Urban Regeneration - The project will stimulate private investment through a cross-subsidisation model, reducing reliance on public funds. - Estimated project value: R2.256 billion, with significant multiplier effects on construction, retail, and service sectors. Improved Quality of Life - Integration of public amenities such as green spaces, an Early Childhood Development Centre, and cultural facilities linked to Artscape. - Enhances walkability and public transport access, reducing transport costs for low-income households. Cultural and Community Benefits - Strengthens the Artscape cultural precinct, including potential facilities for Zip Zap Circus, reinforcing Cape Town's cultural identity.
- **Other Economic and Social Justification Methods**
Financial Viability - Sale of open-market units cross-subsidises social housing, ensuring a positive Residual Land Value and reducing financial risk to WCG. - Flexible phasing allows developers to manage cash flow while meeting social objectives. Sustainability and Resilience - Incorporates low-carbon design principles, energy efficiency, and transit-oriented development, supporting climate adaptation and long-term resilience.
- **Improving access**
Optimal Use of Prime Land - Founders Garden is one of the few publicly owned, undeveloped sites in Cape Town's CBD, strategically located near major transport hubs (Civic MyCiTi Station and Cape Town Rail Station). - Unlocking 97,125 m² of development rights maximizes land value and supports compact city principles.
- **Reducing inequality**
Advancing Spatial Justice - Provides over 2,000 residential units, with 1,179 units (47%) allocated to social housing, addressing the affordable housing gap in the city center. - Promotes mixed-income, inclusive communities in a high-opportunity urban area.

19. Geographic Coverage

19.1 Regions

19.2 Municipalities

District	Municipalities
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19.3 Communities

District	Communities
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20. Sector-specific analysis

- **Lack of access to water**

Water Supply Challenges - Cape Town's water scarcity remains a critical risk, especially after the 2018 drought crisis. - High-rise, high-density developments significantly increase potable water demand. Mitigation Measures: - Incorporate water-efficient fixtures and dual plumbing systems for greywater reuse. - On-site rainwater harvesting and stormwater attenuation. - Explore non-potable water supply agreements with the City for irrigation and flushing.

- **Inadequate transportation infrastructure**

The site benefits from proximity to Civic MyCiTi Station and Cape Town Rail Station, but: - Congestion on Hertzog and FW de Klerk Boulevards remains a challenge. - Limited non-motorized transport (NMT) infrastructure for safe pedestrian and cycling access. Mitigation Measures: - Prioritize transit-oriented development (TOD) principles. - Provide dedicated pedestrian pathways, bicycle lanes, and secure bike storage. - Engage with the City to enhance MyCiTi feeder routes and integrate with PRASA upgrades.

- **Limited digital connectivity**

While Cape Town CBD has good fiber coverage, last-mile connectivity and affordable broadband for social housing tenants can be a barrier. Mitigation Measures: - Partner with ISPs for bulk broadband agreements. - Include fiber-ready infrastructure in building design. - Provide community Wi-Fi zones in public spaces.

- **Other Sector Specific Analysis Methods**

Energy and Power Supply - Load-shedding and grid constraints pose risks to operational reliability. Mitigation Measures: - Install rooftop solar PV and battery storage for common areas. - Use energy-efficient HVAC and lighting systems. - Explore embedded generation agreements with the City. Social Infrastructure Gaps - High-density development will increase demand for: - Schools and ECD facilities (one ECD center is planned, but more capacity may be needed). - Healthcare services within walking distance. Mitigation Measures: - Partner with NGOs and private sector for community health and education programs. - Allocate space for multi-purpose community facilities.

21. Approval Bodies

21.1 Provincial Government Departments

- Department of Agriculture
- Department of Health Wellness
- Department of Education
- Department Of Infrastructure
- Provincial Treasury
- Local Government
- Department of Mobility
- Department of Premier
- Tourism, Environmental Affairs & Development Planning
- Department of Social Development
- Department of Human Settlements
- Department of Police Oversight & Community Safety
- Department of Cultural Affairs and Sport
- Department of Environmental Affairs and Development Planning
- Western Cape Government

21.2 Public Entities and Regulatory Bodies

- Western Cape Provincial Treasury
- Western Cape Education Department
- Western Cape Provincial Parliament
- Provincial Cabinet/Premier – approves disposal of provincial land (sale/lease/LAA) under WCLAA. Provincial Treasury – implements FIDPM; may institute gateway reviews; oversight of PFMA compliance in procurement & major transactions. City of Cape Town – grants land use approvals and building plan approvals under MPBL. Heritage Western Cape – issues heritage permits/decisions under NHRA if heritage triggers apply. Western Cape DEADP (competent authority) – issues Environmental Authorisations where NEMA listing thresholds are met. Surveyor-General & Deeds Office – approve & register subdivision/sectional plans and transfers. SHRA – project accreditation, capital grant approvals, and SHI accreditation for social housing. Procuring WCG Department – sets the preference point system & “specific goals” and runs the tender under PPR 2022; supplier compliance via CSD + WCSEB.

21.3 Specialized Committees and Boards

- Research Ethics Committees
- Planning Appeals Advisory Committee
- Environmental Appeals Advisory Panel

22. Environmental Considerations

23. Social Considerations

23.1 Department of Social Development Policies

- Focus on child protection, substance abuse prevention, disability inclusion, and older persons' welfare
- Promotes community-based care and support systems

23.2 Inclusive Economic Development

- Supports SMMEs, women- and youth-owned enterprises
- Encourages job creation through public procurement and infrastructure projects

23.3 Public Participation and Equity

- Ensures community involvement in planning and decision-making
- Promotes equitable access to services and opportunities

23.4 Expanded Public Works Programme (EPWP)

- Provides short-term employment and skills development
- Targets vulnerable groups including youth, women, and persons with disabilities

24. Investment Needs

24.1 Infrastructure Development

- Roads, bridges, and public transport systems.
- Upgrades to water and sanitation infrastructure.
- Renewable energy installations and grid improvements.

24.2 Human Settlements

- Affordable housing projects.
- Mixed-use urban development.

24.3 Healthcare

- Expansion and modernization of clinics and hospitals.
- Digital health systems and telemedicine.
- Medical equipment and pharmaceutical supply chains.

24.4 Education

- School infrastructure and maintenance.
- Digital learning platforms and connectivity.
- Teacher training and curriculum development.

24.5 Agriculture and Agri-processing

- Investment in climate-resilient farming.
- Agro-logistics and cold chain infrastructure.

24.6 Green Economy

- Water conservation and efficiency technologies.
- Waste-to-energy and recycling initiatives.
- Renewable energy (solar, wind, bioenergy).

24.7 SMME and Entrepreneurship Support

- Business incubators and innovation hubs.
- Access to finance and market linkages.
- Skills development and mentorship programs.

24.8 Tourism and Cultural Investment

- Infrastructure for eco-tourism and heritage sites.
- Hospitality training and development.

- Event hosting and destination marketing.

25. Policy Incentives

25.1 Sector-Focused Incentives

- Agri-processing: Support for infrastructure, logistics, and export readiness.
- Green Economy: Incentives for renewable energy, water efficiency, and waste-to-energy projects.
- Technology and Innovation: Support for ICT hubs, fintech, and digital startups.
- Tourism and Film: Rebates and grants for film production and tourism infrastructure.

25.2 Investment Ecosystem Support

- Municipal Investment Readiness Programme: Helps municipalities prepare for and attract investment.
- Sector IQ: Provides data-driven insights to guide investment decisions.
- Film Incentive Scheme: Assesses and supports the impact of film-related investments.

25.3 Business Support and Facilitation

- Regulatory guidance
- Market intelligence
- Access to government incentives
- Investment Summits: Hosted by the Premier to connect investors with opportunities and funding partners

25.4 National Incentives Accessible in the Western Cape Via the Department of Trade, Industry and Competition (DTIC)

- 12I Tax Allowance: For industrial projects.
- SEZ Incentives: For businesses in Special Economic Zones.
- Export Marketing and Investment Assistance (EMIA): Supports international marketing efforts.
- Black Industrialists Scheme: Funding and support for black-owned manufacturing businesses.

26. Scale And Complexity

26.1 Total Addressable Market (TAM)

26.2 Served Available Market (SAM)

- **Location**
 - Prime Foreshore site in Cape Town's city centre. - Adjacent to Artscape Theatre Complex, Civic MyCiti Station, and Cape Town Rail Station. - Surrounded by major roads: DF Malan, Jan Smuts Streets, Hertzog, and FW De Klerk Boulevards.
- **Capacity**
 - High-density development: Over 2,000 residential units planned. - Exceptional density: 1,000+ units per hectare, maximizing scarce city-centre land. - Strategic integration with transport and cultural infrastructure enhances accessibility and desirability.
- **Are there any envisaged Operational constraints?**
 1. Zoning and Land Use Restrictions - The site is zoned GB7 with height and setback limitations. - A portion of the land (4,370m²) must be retained as public space due to title deed restrictions. - Floating GLA (10,000m²) must be allocated between Founders Garden and Artscape, limiting flexibility.
 2. Social Housing Regulatory Constraints - SHRA regulations prohibit mixing social and open market housing within the same building. - This necessitates separate buildings for each housing type, complicating design and operational integration.
 3. Parking Allocation - Developer must provide 120 parking bays for Artscape at no development cost, but operational charges may apply. - Social housing must include sufficient parking as per the Sale and Development Agreement.
 4. Delayed Land Transfer - Land transfer to the developer is delayed until practical completion of social housing and public facilities. - This affects financing, ownership structuring, and operational readiness.
 5. Heritage and Environmental Compliance - Subject to Heritage Western Cape decisions and comments. - Must comply with Cape Town's Municipal Spatial Development Framework. - No National Environmental Management Act regulations apply, but heritage constraints may affect construction and operations.
 6. Infrastructure and Building Typology - Social housing subsidy model supports low-rise (4-storey walk-up) buildings, while the site demands high-rise (up to 24 floors) for optimal density. - This mismatch requires cross-subsidisation and careful planning to maintain feasibility.
 7. Financial Risk and Grant Dependency - Project feasibility depends on grant funding and Residual Land Value assumptions. - If grants fail or costs rise, WCG may need to cover shortfalls, affecting operational sustainability.
 8. Servitudes and Road Widening - A 10m-wide services servitude exists in favor of the City of Cape Town. - Parts of the property are affected by road widening plans (FW de Klerk and Nelson Mandela Boulevards), which may impact access and future operations.
- **Which of the following criteria is being used to support this analysis in terms of Segmentation?**

- **Income**
 1. Social Housing Segment - Target Group: Low-income households eligible for government-subsidized rental housing. - Allocation: Approximately 1,179 units, or 47% of residential floor space. Criteria: - Must meet Social Housing Regulatory Authority (SHRA) eligibility. - Income typically falls within the R1,500 to R15,000/month bracket (based on SHRA norms). - Tenants are not expected to afford market rentals and rely on subsidized rates. Design Implications: - Located in separate buildings (e.g., North Tower and Freeway Block). - Managed by a Social Housing Institution (SHI). - Includes dedicated parking and access to community facilities.
 2. Open Market Housing Segment - Target Group: Middle- to upper-income individuals and families. - Allocation: Remaining 53% of residential floor space. Criteria: - Income above the social housing threshold. - Capable of purchasing units at market rates. - No subsidy or affordability constraints. Design Implications: - Units may be larger, more premium in design. - Located in separate buildings from social housing. - Includes access to retail, commercial amenities, and shared public spaces. Cross-Subsidisation Model - The sale of open market units is designed to cross-subsidise the development and operation of social housing. - This model ensures financial viability while maintaining a strong social impact. Constraints Affecting Segmentation - SHRA regulations prohibit mixing social and open market units within the same building. - The affordability model for social housing supports low-rise walk-up buildings, while the site demands high-rise development for density.
- **Region**
 1. Residential Service Levels Social Housing Units: - Subsidized rental housing. - Managed by a Social Housing Institution (SHI). - Basic but secure amenities tailored to lower-income residents. - Includes dedicated parking and access to community services. Open Market Units: - Market-rate housing for middle- to upper-income residents. - Higher-end finishes and amenities. - Flexibility in unit design and commercial integration.
 2. Public Amenities and Community Services Early Childhood Development Centre: - Serves both social and open market residents. - Designed to meet socio-economic needs of families. Green Spaces and Public Urban Areas: - Open access for all residents and visitors. - Prioritizes pedestrian movement and community interaction. Zip Zap Circus Performance Hall: - Cultural and recreational service. - Long-term lease model with community benefit focus.
 3. Transport and Accessibility Services Basement Parking: - 120 bays allocated to Artscape at no development cost. - Separate allocations for social housing and open market units. - Operational charges may apply depending on sectional title rules. Transit-Oriented Development: - Proximity to MyCiTi Bus and Cape Town Rail Station. - Encourages reduced car dependency and supports mobility equity.
 4. Commercial and Retail Services Retail and Office Space: - Ground floor retail and first-floor office space. - Serves residents, commuters, and cultural precinct visitors. - Segmented by feasibility and demand.
 5. Environmental and Sustainability Services Low-Carbon Design and Construction: - Applies across all service levels. - Includes energy-efficient building operations and climate adaptation planning.

Segmentation Logic - By Income Group: Social vs. open market housing. - By Function: Residential, commercial, cultural, public. - By Access Rights: Public (green spaces), semi-public (community facilities), private (housing units). - By Operational Responsibility: SHI for social housing, developer for open market and commercial spaces.
- **Service level**
 1. Residential Service Levels Social Housing Units: - Subsidized rental housing. - Managed by a Social Housing Institution (SHI). - Basic but secure amenities tailored to lower-income residents. - Includes dedicated parking and access to community services. Open Market Units: - Market-rate housing for middle- to upper-income residents. - Higher-end finishes and amenities. - Flexibility in unit design and commercial integration.
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26.3 Demand Forecasting

26.4 Size

Project Type	New Project
Project Size	Mega - Total of R1 Bill or more

27. Challenges

27.1 Financial Complexity

1. Cross-Subsidisation Model

The project relies on the sale of open market units to subsidize social housing.

Approximately 47% of residential floor space is allocated to social housing.

This model requires careful balancing of unit pricing, construction costs, and market demand.

2. Residual Land Value (RLV) Strategy

The developer offers a price based on the Residual Land Value, which is: The value of the land after deducting development costs and expected returns.

The RLV must be minimized to maximize social housing, but this introduces financial risk to the Western Cape Government (WCG) if grant funding fails or costs escalate.

3. Delayed Land Transfer and Payment

The land is only transferred to the developer after practical completion of social housing and public facilities.

Payment is delayed and escalated annually based on an index.

This structure affects cash flow, financing, and risk exposure for both WCG and the developer..

4. Grant Dependency

The project depends on grant funding, particularly from SHRA (Social Housing Regulatory Authority).

If grants are delayed or denied, WCG may need to cover shortfalls, adding uncertainty.

5. Sectional Title and Subdivision Complexity

The site is subdivided into:

Subdivided Erf 1: Social housing, retail, commercial, and parking.

Subdivided Erf 2: Open market housing and associated facilities.

Requires differentiated rules, long-term rights management, and legal structuring for shared infrastructure.

6. Parking Allocation and Cost Recovery

120 parking bays must be provided to Artscape at no development cost, but operational charges may apply.

Parking for social housing must be financially feasible and compliant with regulations.

7. Market Risk and Sales Timing

The financial model assumes upfront sales of high-value units to reduce financing costs.

Market fluctuations could affect sales velocity, pricing, and overall returns.

8. Flexibility and Procurement Risk

A recommended 45% social housing target is built into procurement to allow flexibility.

This introduces variability in financial planning and developer obligations.

27.2 Operational Complexity

The operational complexity of the Founders Garden

Artscape project stems from its multifaceted nature as a high-density, mixed-use urban redevelopment. Here is a breakdown of the major operational challenges and complexities:

1. Multi-Stakeholder Coordination

Involves coordination between:

Western Cape Government (WCG)

Private Developer

Social Housing Institution (SHI)

Artscape Theatre

Zip Zap Circus

Requires clear governance structures and contractual mechanisms to manage roles, responsibilities, and timelines.

2. Mixed-Use Operational Integration

The site includes:

Social housing

Open market housing

Retail and commercial space

Public amenities (e.g., Early Childhood Development Centre, green spaces)

Each use type has distinct operational needs, requiring tailored management systems and service delivery models.

3. Sectional Title and Subdivision Management

The land is subdivided into:

Subdivided Erf 1: Social housing, retail, commercial, and parking

Subdivided Erf 2: Open market housing and associated facilities

Requires:

Separate sectional title rules

Long-term rights management (e.g., parking allocations)

Legal and administrative oversight for body corporates

4. Parking and Access Allocation

120 parking bays must be allocated to Artscape at no development cost.

Parking for social housing must meet regulatory and operational standards.

Shared infrastructure must be managed across different ownership and usage types.

5. Social Housing Operations

Managed by a SHI, which must:

Administer the body corporate

Maintain affordability and compliance with SHRA regulations

Ensure service delivery and tenant support

6. Maintenance and Asset Management

Long-term maintenance of:

High-rise buildings

Public spaces

Cultural facilities

Requires performance monitoring, resilience planning, and digital technology integration.

7. Phased Implementation and Flexibility

Development is phased, with flexibility in timing for open market units.

Social housing and public facilities must be completed before land transfer.

Operational planning must adapt to evolving construction and occupancy timelines.

27.3 Technical challenges

1. Zoning and Height Restrictions

The site is zoned GB7, with varying maximum building heights (up to 73m).

These constraints affect architectural design, density optimization, and structural engineering.

2. Mixed-Use Integration

The project must integrate social housing, open market housing, retail, commercial, and public amenities.

Requires complex infrastructure planning, especially for vertical stacking and shared services.

3. Social Housing Typology vs. Site Potential

Social housing subsidies support low-rise (4-storey walk-up) buildings.

The site demands high-rise development (up to 24 floors) to maximize density.

This mismatch requires innovative design and cross-subsidisation strategies.

4. Subdivision and Sectional Title Complexity

The land must be subdivided into:

Subdivided Erf 1: Social housing, retail, commercial, and parking.

Subdivided Erf 2: Open market housing and associated facilities.

Requires precise legal and cadastral planning, including Surveyor General and Deeds Office approvals.

5. Parking Allocation and Management

120 parking bays must be allocated to Artscape at no development cost.

Parking for social housing must meet regulatory requirements.

Requires long-term rights management and sectional title rule differentiation.

6. Floating GLA Allocation

10,000m² of "floating GLA" must be distributed between Founders Garden and Artscape.

Impacts spatial planning and commercial viability.

7. Heritage and Environmental Compliance

Subject to Heritage Western Cape decisions.

Must comply with Cape Town's Municipal Spatial Development Framework.

Adds layers of review and potential design limitations.

8. Infrastructure Load and Service Provision

High-density development places pressure on:

Water and sanitation systems

Electricity supply

Waste management.

Requires coordination with municipal service providers.

28. Phases

28.1 Initiation

- **0. Project Initiation**

Add Project to the Online WCG DoI Project Pipeline for Panoptic evaluation and Funding

28.2 Design

- **1. Pre-Disposal Phase**

To select a qualified developer and establish terms before land disposal

28.3 Develop

- **2. Disposal Phase**

To formalize the development structure and defer financial risk until key deliverables are met.

28.4 Implement

- **3. Transfer Phase**

To ensure that public objectives are fulfilled before finalizing ownership.

- **4. Subdivision and Sectional Title Phase**

To legally structure the site for differentiated ownership and operations.

28.5 Handover

- **5. On-Transfer Phase**

To operationalize ownership and governance of the developed precinct.

29. Project Stage-3 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	