



Prefeasibility Executive Summary Report

1. Project Details

Project Name	IAM: Oude Molen Precinct
Location	City of Cape Town
Sector	Social
Department	Department Of Infrastructure
Project Owner	Lindelwa Mabuntane
Project Manager	Lindelwa Mabuntane

1.1 Project Scope

Site Redevelopment

1. Transform a 2,881 m2 municipal-owned site in Cape Town CBD into a high-rise, residentially-led mixed-use development.
2. The site is currently used for temporary offices and parking.

Residential Development

1. Deliver approximately 830 residential units, with 37.5% allocated to social housing.
2. Residential component will be supported by open-market unit sales to cross-subsidise social housing.

Mixed-Use Integration

1. Include ground-floor retail and first-floor office space, subject to feasibility.
2. Create a vibrant, inclusive urban precinct with access to work, transport, and amenities.

Sustainable Design

1. Implement low-carbon design principles in construction and operations.
2. Promote environmental sustainability and urban density.

Legal and Regulatory Enablement

1. Secure necessary development rights and zoning approvals.
2. Subdivide and sectionalise the property to legally separate social housing and open-market components.

Procurement and Delivery

1. Execute the project through a Sale and Development Agreement (SADA) with a private developer or Social Housing Institution (SHI).
2. Follow a Request-for-Proposal (RFP) process for developer selection.
3. Delay land transfer and payment until practical completion of social housing and external facilities.

Infrastructure and Planning

1. Prepare and submit sectional title plans to the Surveyor General and Deeds Office.
2. Allocate and manage parking, retail, and commercial space across subdivided erven.

1.2 Justification

Strategic Context

The Oude Molen Precinct is located in Observatory, Cape Town, within the broader Two Rivers Urban Development Study Area.

The site spans approximately 13.15 hectares and is currently underutilized, presenting a strategic opportunity for urban regeneration using state-owned land.

Development Vision

The project aims to create a compact, large-scale, sustainable, residentially-led mixed-use development.

It is guided by live-work-play principles and transit-oriented development (TOD) to promote accessibility, reduce car dependency, and enhance urban livability.

Justification for Redevelopment

The site has significant heritage value, with buildings of cultural and historical importance to be retained and integrated into the new development.

The redevelopment will:

1. Address spatial justice by providing equitable access to housing and job opportunities.
2. Support affordability through a cross-subsidisation model, with 34% of units allocated to affordable housing.
3. Stimulate economic empowerment and job creation through infrastructure investment and public-private partnerships.

Evidence-Based Planning

A series of feasibility and impact studies were conducted to inform the precinct plan:

1. Spatial and land use analysis
2. Socio-economic and empowerment analysis
3. Property market demand analysis
4. Heritage, landscape, and biophysical analysis
5. Civil/bulk services and transportation services analysis
6. Financial feasibility assessment

Policy Alignment

The project aligns with provincial and municipal socio-economic mandates, including:

1. Spatial redress
2. Good governance
3. Effective use of government immovable assets
4. Integration of economic, environmental, heritage, and social infrastructure

1.3 Sector Specific Analysis

• Other Sector Specific Analysis Methods

The redevelopment of the Oude Molen Precinct is designed as a residentially-led mixed-use development with sectoral integration based on feasibility and market demand studies. The key sectors analysed and incorporated into the project include:

1. Residential Sector Estimated yield of ±1,364 dwelling units, with 34% allocated to affordable housing and 66% to open market units. The housing strategy uses a cross-subsidisation model to ensure affordability and financial viability. The residential component is central to the precinct's live-work-play philosophy and supports spatial justice.
2. Commercial Sector Includes office space and educational facilities (e.g., schools), informed by property market demand analysis. Aims to support economic activity, job creation, and community services within the precinct.
3. Retail Sector Retail spaces are planned to meet local consumer demand and enhance economic vibrancy. Supports the mixed-use nature of the precinct and provides employment opportunities.
4. Heritage and Cultural Sector The site has significant heritage layering, with some buildings retained and integrated into the redevelopment. Heritage indicators are incorporated into the precinct plan, adding cultural value and identity.
5. Infrastructure and Services Sector Includes civil/bulk services and transportation services, analysed to ensure capacity and integration. Supports the transit-oriented development (TOD) model, improving mobility and access.
6. Environmental Sector The development incorporates climate-resilient design and sustainable practices. Environmental assessments guide planning to ensure compliance and long-term sustainability.

1.4 Market Size And Demand Analysis

1.4.1 Total Addressable Market (TAM)

1.4.2 Served Available Market (SAM)

- **Location**

Approximately 13.15 hectares in Observatory, Cape Town.

- **Capacity**

Estimated 1,364 residential units, with: 34% allocated to affordable housing. 66% for open market, enabling cross-subsidisation.

- **Are there any envisaged Operational constraints?**

1. Statutory and Regulatory Approvals Heritage Authorisation: Still in progress, expected to conclude by July 2025. Land Use Application: Not yet submitted; planned for Q2 2025. Dependency on Approvals: No development can proceed until all statutory approvals (heritage, rezoning, subdivision) are secured, which delays implementation. 2. Zoning and Land Use The site requires rezoning and subdivision to align with the proposed development objectives. This introduces uncertainty and potential delays due to appeals or objections. 3. Infrastructure Dependencies Bulk services and transportation infrastructure planning is pending final approvals. Detailed infrastructure design will only begin after development rights are secured, which may delay construction readiness. 4. Financial Constraints The affordable housing component (34% of units) relies on cross-subsidisation from market-rate units. Risks include: Insufficient funding for affordable housing. Market appetite for the open-market units may fluctuate. Uncertainty in securing private sector investment during procurement. 5. Security and Site Management Risk of unlawful occupation or invasion of the site or buildings. Mitigated by: Formal leases with termination clauses. Fencing and on-site security, which adds ongoing operational costs. 6. Stakeholder and Community Engagement Requires ongoing public consultation under SPLUMA and heritage legislation. Potential for community resistance or delays if engagement is not well-managed. 7. Phased Implementation Complexity The project will be delivered in phases under a Land Availability and Development Agreement (LADA) model. This requires: Careful coordination of land release. Sequencing of infrastructure and vertical development. Risk-sharing mechanisms with developers. 8. Environmental and Heritage Constraints The site has significant heritage value, requiring: Retention and integration of heritage buildings. Compliance with environmental and heritage impact mitigation measures.

- **Which of the following criteria is being used to support this analysis in terms of Segmentation?**

- **Income**

1. Housing Allocation Total Units: approx 1,364 Affordable Housing: 34% (464 units) Open Market Housing: 66% (900 units) Model: Cross-subsidisation — revenue from market-rate units helps fund affordable units. 2. Target Income Groups (Implied) Affordable Housing: Likely aimed at low- to lower-middle-income households. Open Market Units: Targeted at middle- to upper-income earners. No explicit income brackets are defined, but the segmentation supports mixed-income integration. 3. Affordability Strategy The project supports spatial justice and access to opportunity. Emphasizes tenure diversity and typology options to accommodate different income levels. Risks identified include insufficient funding for the affordable component and market appetite for open-market units.

- **Region**

Primary Location Erf 26439-RE, Observatory, Cape Town. Located within the Two Rivers Urban Park (TRUP) area. Falls under the jurisdiction of the City of Cape Town and the Western Cape Government. Regional Context and Catchment The precinct is part of a larger cadastral area and will be subdivided for development. It is situated in a strategic urban node, with proximity to: Major transport corridors (supporting transit-oriented development). Existing economic activity and heritage assets. The development is intended to serve local communities and contribute to regional socio-economic goals. Spatial Planning Implications The precinct integrates: Residential, commercial, educational, and retail land uses. Heritage and environmental conservation zones. Requires rezoning and land use approvals to align with future development objectives. Supports spatial justice, aiming to redress historical imbalances in access to housing and services. Governance and Policy Alignment Aligned with: Western Cape Government (WCG) development mandates. City of Cape Town Municipal Planning By-law. National and provincial spatial development frameworks.

- **Service level**

Residential Service Segmentation Tenure Options: Includes both affordable housing (34%) and open market units (66%), implying differentiated service expectations and affordability levels. Typology Options: Diverse housing types to accommodate varied household needs and income levels. Infrastructure and Utilities Bulk Services: Civil and transportation services are planned, but detailed design will follow land use approvals. Phased Infrastructure Planning: Infrastructure will be rolled out in phases aligned with the Land Availability and Development Agreement (LADA) model. Sustainability and Resilience Climate-Resilient Design: Buildings and public spaces will incorporate sustainability principles. Community-Focused Amenities: Public infrastructure will support social cohesion and accessibility. Environmental Compliance: All impact assessments and mitigation measures are integrated into the planning. Digital and Operational Systems Digital Technology Leverage: For long-term asset management and performance monitoring. Operations & Maintenance Strategy: Focus on resilience planning. Climate adaptation measures. Ongoing service delivery and infrastructure upkeep. Mobility and Access Transit-Oriented Development (TOD): Prioritizes public transport, walkability, and reduced car dependency. Transportation Services: Integrated into the precinct's spatial and infrastructure planning.

- 1. **Demographic Segmentation** Focuses on the people who will live in, use, or benefit from the precinct. Term Mentions Community 9 Residents 1 Users 1 Affordable Housing 4 Tenure 1 Typology 1 Insight: The project is strongly community-oriented, with emphasis on inclusive housing and diverse living arrangements. 2. **Stakeholder Segmentation** Identifies key actors involved in governance, funding, and delivery. Stakeholder Mentions Western Cape Government 1 City of Cape Town 1 Private Sector 3 Developers 2 Community 9 Investors 1 Partners 6 Insight: The project is multi-stakeholder, with strong emphasis on public-private partnerships and community engagement. 3. **Land Use Segmentation** Describes the functional zoning and spatial planning of the precinct. Land Use Mentions Residential 2 Commercial 4 Retail 2 Educational 1 Heritage 16 Insight: Heritage preservation is a dominant theme, integrated with mixed-use development including housing, commerce, and education. 4. **Typology Segmentation** Refers to the design and structural diversity of buildings and spaces. Typology Term Mentions Tenure Options 1 Typology Options 1 Mixed-Use 2 Live-Work-Play 1 Transit-Oriented Development 1 Insight: The precinct promotes flexible, integrated urban living with diverse building types and mobility-friendly design.

1.4.3 Demand Forecasting

- **Projections of usage over time**
 - housing uptake
- **Informed by**
 - growth trends
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2. Project Status & Implementation

2.1 Regulatory & Environmental Approvals

2.1.1 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

2.1.2 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

2.1.3 Other Relevant Entities

- **National Heritage Resources Act (NHRA)** – Act 25 of 1999
- A Heritage Impact Assessment (HIA) was required and submitted under the NHRA.
- **Spatial Planning and Land Use Management Act (SPLUMA)**
- Preliminary public participation was conducted in 2021 in accordance with SPLUMA.
- **Councils for the Built Environment Professions (CBEP):** Regulates professions involved in the built environment

2.2 Identify Key Stakeholders

2.2.1 Government

- Department Of Infrastructure
- Provincial Treasury
- Department of Premier
- 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

2.2.2 State-Owned Entities

2.2.3 Private Sector

2.2.4 Civil Society

2.2.5 Other Stakeholders

- **Private Developer / Ring-Fenced Developer Company Selected through a Request-for-Proposal (RFP)**
Provincial Government (Western Cape) Department of Environmental Affairs and Development Planning (DEA&DP) Lead agency for environmental approvals and land use planning. Department of Infrastructure Responsible for land release, procurement, and infrastructure coordination. Provincial Treasury Oversees funding strategies and fiscal governance. Municipal Government City of Cape Town Municipal Planning Department – zoning, subdivision, and land use approvals. Heritage and Environmental Management Units – local compliance and oversight. National-Level Entities South African Heritage Resources Agency (SAHRA) Oversees heritage approvals under the National Heritage Resources Act (NHRA). Department of Forestry, Fisheries and the Environment (DFFE) (likely involved) National oversight under the National Environmental Management Act (NEMA). Potential State-Owned Entities (SOEs) Eskom – for electricity supply and infrastructure. Transnet – if any freight or rail infrastructure is impacted. PRASA – if the development interfaces with passenger rail services. SANRAL – if national roads or transport corridors are affected.

3. Governance, Policy & Enabling environment

3.1 Legal and Regulatory Framework

3.1.1 Procurement and Supply Chain Management

- Preferential Procurement Policy Framework Act (PPPFA)
- Western Cape Procurement Regulations
- Use of the Western Cape Supplier Evidence Bank (WCSEB)
- Compliance with tender procedures and transparency requirements

3.1.2 Other Legal & Regulatory Methods

3.1.3 Environmental and Land Use Planning

- Western Cape Land Use Planning Act (LUPA)
- Environmental Impact Assessment (EIA)

3.1.4 Public Finance and Governance

- Public Finance Management Act (PFMA)
- Provincial Treasury Instructions and Budget Guidelines

3.1.5 Health and Social Services

- National Health Act
- Provincial health regulations

3.1.6 Education

- South African Schools Act
- Provincial education policies

3.1.7 Transport and Infrastructure

- Western Cape Road Traffic Act
- Related transport regulations

3.1.8 Human Settlements and Housing

- Housing Act
- Provincial housing frameworks

3.1.9 Economic Development

- Tourism
- Enterprise development
- Green Economy Strategy
- Agriculture

3.1.10 Environmental Compliance

- Requires Environmental Impact Assessments (EIAs) for certain developments
- Must comply with waste management and biodiversity regulations

3.2 Governance policies

- National Development Plan (NDP)
- Strategic Infrastructure Projects (SIPs)
- Relevant Integrated Development Plans (IDPs)
- Infrastructure South Africa (ISA)
- Budget Facility for Infrastructure (BFI)

3.3. Investment Needs

3.3.1 Infrastructure Development

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

3.3.2 Human Settlements

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

3.3.3 Healthcare

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

3.3.4 Education

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

3.3.5 Agriculture and Agri-processing

- Investment in climate-resilient farming.
- Agro-logistics and cold chain infrastructure.
- Support for emerging farmers and cooperatives.

3.3.6 Green Economy

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

3.3.7 SMME and Entrepreneurship Support

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

3.3.8 Tourism and Cultural Investment

- Infrastructure for eco-tourism and heritage sites.
- Hospitality training and development.
- Event hosting and destination marketing.

3.4 Policy Incentives

3.4.1 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.

3.4.2 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.

3.4.3 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

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

4. Financial requirements & Funding strategies

4.1 Project Guestimate

Estimated Cost	R 2.356B
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5. Delivery Mechanism & procurement strategy

5.1 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	Medium Term 5-15 YRS			
Infrastructure investment drives spatial transformation and improves spatial resilience	Medium Term 5-15 YRS	Medium Term 5-15 YRS	Short Term 1-5 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			Medium Term 5-15 YRS	
Mobility systems and transportation corridors provide safe and efficient connectivity to opportunities, services, and facilities	Medium Term 5-15 YRS				

5.2 Current Planning Phase