Western Cape Government

Project Prefeasibility 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 Background & 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

1.2 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.

2. Objectives & Key Focus Areas

Objective	Key Focus Area
Maximise Social Housing	• Prioritising Infrastructure for Maximum Impact
Sustainable Urban Design	• Innovation & Futures Planning • Addressing Climate Change & Sustainability
Efficient Delivery Timeline	• Prioritising Infrastructure for Maximum Impact
Structured Public-Private Partnership	• Enhancing Private Sector Partnerships

3. Project Timeline & Cost

Estimated Duration	5 Year(s) & 0 Month(s)
Estimated Start Date	01 Apr 2026
Estimated Cost	R 2.356B

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
- Overuse of natural resources leading to scarcity and degradation
- Proper waste management to reduce pollution and health risks
- Sustainable water management to protect quality and prevent scarcity
- 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

- 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

7. Identify Key Stakeholders

7.1 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

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)** 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.

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	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				

9. Infrastructure Type

9.1 Hard

Residential Buildings

High-density housing with approximately 1,364 dwelling units.

Includes both affordable housing (34%) and open market units (66%).

Commercial and Retail Facilities

Office space and retail outlets integrated into the mixed-use precinct.

Educational Infrastructure

Provision for school or educational facilities as part of the land use mix.

Civil and Bulk Services

Infrastructure planning includes:

Water supply

Sewerage and sanitation

Stormwater management

Electricity distribution

Telecommunications

Transportation Infrastructure

Transit-Oriented Development (TOD) principles suggest:

Road networks

Pedestrian pathways

Public transport access points

Parking facilities

Heritage and Cultural Facilities

Retention and adaptive reuse of heritage buildings with structural upgrades.

Environmental and Landscape Infrastructure

Integration of green spaces, landscaping, and climate-resilient design elements.

9.2 Soft

Education and Skills Development

1. Provision for educational facilities (e.g., schools).
2. Empowerment impact assessments to support skills development and job readiness for local communities.

Social Services and Community Amenities

1. Community-focused amenities to support social inclusion and livability.
2. Integration of affordable housing to promote spatial justice.

Governance and Planning Frameworks

1. Alignment with SPLUMA, NHRA, and municipal planning by-laws.
2. Structured public participation and stakeholder engagement processes.

Environmental and Heritage Management

1. Incorporation of eco-principles and climate-resilient planning.
2. Preservation and adaptive reuse of heritage assets.

Digital and Technological Infrastructure

1. Mention of digital technology leverage for long-term asset management and performance monitoring.

Health and Safety

1. Design principles that promote safe, secure, and inclusive urban environments.

Economic Empowerment

1. Focus on job creation, entrepreneurship, and economic upliftment through public-private partnerships.

9.3 Critical

Civil and Bulk Services

1. Water supply and sanitation
2. Stormwater drainage
3. Electricity distribution
4. Telecommunications

These are foundational to enabling residential, commercial, and public facilities.

Transport Infrastructure

1. Road networks and internal circulation
2. Public transport access (aligned with Transit-Oriented Development principles)
3. Pedestrian and non-motorised transport infrastructure

Residential Infrastructure

1. High-density housing, including affordable and open-market units
2. Estimated 1,364 dwelling units, forming the core of the precinct's urban fabric

Educational and Social Facilities

1. Provision for schools or educational institutions
2. Community-focused amenities to support social development

Environmental and Heritage Infrastructure

1. Green infrastructure and climate-resilient design
2. Heritage preservation and adaptive reuse of culturally significant buildings

Security and Access Control

1. The precinct is currently fenced and managed by security, indicating the importance of controlled access and safety infrastructure

Digital and Monitoring Systems

1. Mention of digital technology leverage for long-term asset management and performance monitoring

10. Project Stage-1 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	

11. Geo Location

Geo Location	92 Liesbeek Ave, Observatory, Cape Town, 7935, South Africa
Latitude	-33.940972

Longitude	18.481528

12. Procurement Planning

- **Decentralized Preference Criteria**
  Procurement Planning & Delivery Mechanism Phased Implementation & Procurement Strategy: The project will be implemented in phases, guided by statutory approvals and stakeholder engagement. The Land Availability and Development Agreement (LADA) model is identified as the most appropriate delivery mechanism. This allows for phased land release to developers post-approval. Procurement will follow public participation processes (e.g., SPLUMA) and heritage legislative frameworks. Procurement methods include: Competitive bidding processes. Supplier selection based on compliance and capacity. Risk-sharing mechanisms to mitigate development risks. Developer Procurement Stage: Will commence only after securing required authorisations and approvals. Procurement will be guided by relevant legislative requirements and communicated transparently. Decentralised Preference Criteria & Social Impact Gender-Responsive Procurement & Social Benefits: The project includes gender-responsive procurement actions, aiming to promote inclusivity and equity. Emphasis on social impact through: Community empowerment via skills development and job creation. Sustainability and environmental compliance. Integration of heritage and environmental elements into the development. Empowerment Impact Assessments: Conducted during planning to prepare communities for participation in the delivery phase. Focus on skills development, employment opportunities, and local economic empowerment.

- **Designated Groups**
  1. Gender-Responsive Procurement The project explicitly includes gender-responsive procurement actions. This means procurement processes will be designed to promote participation of women-owned businesses and ensure gender equity in supplier selection and contracting. 2. Empowerment Impact Assessments These assessments are conducted during the planning phase to: Prepare communities for participation in the delivery phase. Promote skills development and job creation for historically disadvantaged groups. Ensure that designated groups benefit from the economic opportunities created by the development. 3. Social Impact & Inclusion The project aims to deliver social benefits through inclusive procurement strategies. It supports local economic empowerment, especially for groups that have been historically excluded from mainstream economic activity. 4. Legislative Alignment Procurement and implementation are aligned with SPLUMA principles and other legislative frameworks that promote equity, transparency, and inclusivity.

- **Local Content and Production**
  Local Content and Production – Implied Criteria 1. Community Empowerment & Skills Development Empowerment impact assessments are conducted to prepare local communities for participation in the delivery phase. These assessments aim to: Facilitate skills development. Promote job creation for local residents. Ensure that local labou and enterprises are integrated into the development process. 2. Gender-Responsive and Inclusive Procurement Procurement planning includes gender-responsive actions, which often overlap with local content goals by supporting women-owned local businesses and inclusive economic participation. 3. Strategic Use of State-Owned Land The project leverages state-owned land to promote socio-economic development, which includes enabling local economic activity and production capacity through mixed-use development. 4. Public-Private Partnerships (PPPs) The PPP model encourages local private sector involvement, which can stimulate local production, supply chains, and service provision. 5. Sustainability and Environmental Compliance The development incorporates eco-principles and climate-resilient design, which may favor locally sourced materials and sustainable production practices.

- **Broad-Based Black Economic Empowerment (B-BBEE)**
  B-BBEE Alignment in Procurement and Development 1. Empowerment Impact Assessments Conducted during the planning phase to: Empower local communities. Promote skills development and job creation. Prepare designated groups for participation in the delivery phase. These assessments are consistent with B-BBEE goals of enhancing economic participation for historically disadvantaged individuals. 2. Gender-Responsive Procurement The project includes gender-responsive procurement actions, which support: Women-owned enterprises. Inclusive supplier development. This aligns with B-BBEE’s emphasis on equity and transformation in procurement. 3. Public-Private Partnerships (PPPs) The PPP model encourages: Private sector investment with a focus on inclusive development. Opportunities for black-owned businesses to participate in infrastructure delivery. 4. Local Economic Empowerment The project promotes: Job creation. Affordable housing through cross-subsidisation. Community participation in planning and implementation. These elements contribute to the socio-economic upliftment of B-BBEE target groups.

13. Procurement Action

- **E-Procurement Solution (ePS)**
- **Procurement Planning**
- **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 Availibility

Has the land for the site been identified?: Yes
Remarks:

16. Project Stage-2 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	

17. Background & Justification

Strategic Context

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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

18. Economic and Social Justification

- **Poverty reduction**
  ECONOMIC JUSTIFICATION for Poverty Reduction Affordable Housing Provision: Out of an estimated 1,364 dwelling units, 34% are designated for affordable housing. A cross-subsidisation model is proposed, where market-rate units help fund affordable ones, ensuring financial sustainability. Job Creation & Economic Empowerment: The project emphasizes public-private partnerships and infrastructure investment, which are expected to stimulate local employment. Empowerment impact assessments are planned to support skills development and job readiness for local communities. Commercial and Educational Infrastructure: The inclusion of commercial, retail, and educational facilities will create diverse economic opportunities and services. These facilities are informed by market demand and feasibility studies, ensuring viability and relevance. Innovative Financing Mechanisms: The project explores innovative finance options and Land Availability and Development Agreements (LADA) to attract investment and reduce financial barriers. Economic Multipliers: The development is expected to generate macroeconomic benefits through increased land value, business activity, and improved infrastructure. SOCIAL JUSTIFICATION for Poverty Reduction Spatial Justice and Inclusion: The project aims to redress spatial inequalities by integrating affordable housing into a high-density, transit-oriented development. It promotes equitable access to opportunities, especially for historically marginalized communities. Community-Focused Design: The precinct includes community amenities, climate-resilient design, and heritage preservation, fostering a sense of belonging and identity. Gender-Responsive Procurement: Special attention is given to gender-responsive procurement, ensuring inclusive participation in development and employment. Public Participation and Empowerment: The planning process includes public engagement, stakeholder consultations, and empowerment assessments, reinforcing transparency and community ownership. Environmental and Social Sustainability: The project integrates environmental compliance and sustainability principles, contributing to long-term resilience and well-being.

- **Job creation**
  The project explicitly lists job creation and empowerment as direct outcomes of the redevelopment. It aims to partner with the private sector and leverage infrastructure investment to stimulate employment. Empowerment Impact Assessments: These assessments are conducted during planning to prepare communities for skills development and job opportunities in the delivery phase. Mixed-Use Development: The inclusion of commercial, retail, and educational facilities will generate diverse employment opportunities across sectors. Public-Private Partnerships (PPPs): PPPs are central to the implementation strategy, expected to mobilize private investment and create jobs through construction, operations, and service delivery. Phased Implementation: The project’s phased rollout allows for sustained job creation over time, from planning and construction to long-term operations and maintenance. Gender-Responsive Procurement: Procurement strategies include gender-responsive actions, promoting inclusive employment and economic participation. Infrastructure Investment: Significant investment in infrastructure will require skilled and unskilled labor, contributing to local employment growth.

- **Inclusive growth**
  Affordable Housing with Cross-Subsidisation: 34% of the 1,364 planned dwelling units are designated for affordable housing, funded through a cross-subsidisation model from market-rate units. This ensures access to housing for lower-income groups within a mixed-income community. Mixed-Use, Transit-Oriented Development (TOD): The precinct integrates residential, commercial, retail, and educational spaces, promoting economic diversity and reducing spatial inequality. TOD principles improve mobility and access to opportunities, especially for underserved populations. Public-Private Partnerships (PPPs): The project leverages PPPs to mobilize investment, create jobs, and deliver services, ensuring that growth benefits both public and private stakeholders. Empowerment and Skills Development: Empowerment impact assessments are conducted to prepare communities for skills development and employment, fostering long-term economic inclusion. Gender-Responsive Procurement: Procurement strategies are designed to be inclusive of women, promoting gender equity in economic participation. Heritage and Environmental Integration: The development respects cultural heritage and incorporates climate-resilient design, ensuring that growth is sustainable and community-centered. Community Participation: The planning process includes public engagement, ensuring that local voices shape development outcomes and benefit from the growth. Use of Strategic State-Owned Land: Redevelopment of this land aims to redress spatial injustice and expand access to economic opportunities, especially for historically marginalized groups.

- **Reducing inequality**
  Affordable Housing Allocation: 34% of the 1,364 dwelling units are designated for affordable housing, directly addressing housing inequality. The cross-subsidisation model ensures financial sustainability while enabling access for lower-income households. Spatial Justice and Redress: The project is designed to correct historical spatial inequalities by integrating affordable housing and public amenities into a well-located, transit-oriented urban precinct. It uses strategic state-owned land to promote equitable development. Inclusive Economic Opportunities: Through mixed-use development, the precinct will host commercial, retail, and educational facilities, creating diverse employment opportunities for people across income levels. Empowerment and Skills Development: Empowerment impact assessments are conducted to prepare local communities for skills development and job

readiness, helping bridge economic disparities. Gender-Responsive Procurement: Procurement strategies are designed to be inclusive of women, promoting gender equity in employment and economic participation. Public Participation and Community Engagement: The planning process includes community consultations, ensuring that development reflects the needs of marginalized groups and fosters inclusive decision-making. Integration of Social Infrastructure: The precinct integrates social, environmental, heritage, and economic infrastructure, ensuring that development benefits are shared across communities. Compliance with Socio-Economic Mandates: The project aligns with Western Cape Government (WCG) mandates to address service delivery gaps and promote inclusive urban regeneration.

- **Improving access**
  Affordable Housing Access: The project includes 34% affordable housing units, ensuring that lower-income households can access well-located, quality housing in a mixed-income community. Transit-Oriented Development (TOD): The precinct is designed around TOD principles, improving access to public transport and reducing travel barriers to jobs, education, and services. Integrated Mixed-Use Design: By combining residential, commercial, retail, and educational spaces, the development ensures that residents have local access to essential services and economic opportunities. Use of Strategic State-Owned Land: Redeveloping this land in Observatory, Cape Town, expands public access to urban land that was previously underutilized or inaccessible. Inclusive Infrastructure Planning: The project integrates social, environmental, heritage, and economic infrastructure, ensuring that access is not limited by income, gender, or geography. Community Amenities and Public Spaces: The design includes community-focused amenities, enhancing access to recreational, cultural, and social spaces for all residents. Public Participation and Empowerment: Through stakeholder engagement and empowerment assessments, the project ensures that communities have a voice and access to decision-making processes. Gender-Responsive Procurement: Procurement strategies promote inclusive access to economic participation, especially for women and marginalized groups.

19. Geographic Coverage

19.1 Regions

19.2 Municipalities

District	Municipalities

19.3 Communities

District	Communities

20. 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.

21. Approval Bodies

21.1 Provincial Government Departments

- Western Cape Government
- Tourism, Environmental Affairs & Development Planning
- Department of Premier
- Department Of Infrastructure
- Department of Social Development
- Department of Human Settlements
- Department of Cultural Affairs and Sport
- Department of Environmental Affairs and Development Planning
- Department of Police Oversight & Community Safety

- Department of Education
- Department of Health Wellness

21.2 Public Entities and Regulatory Bodies

- Western Cape Provincial Treasury
- Regulatory Approval Bodies South African Heritage Resources Agency (SAHRA) (implied via NHRA compliance): Oversees heritage authorisation and protection of culturally significant buildings and landscapes. Municipal Planning Tribunal (City of Cape Town): Reviews and approves land use applications, zoning changes, and development rights. Environmental Assessment Practitioners and Specialists: Conduct and submit environmental, heritage, and biophysical impact assessments required for statutory approvals.
- Western Cape Education Department

21.3 Specialized Committees and Boards

- Research Ethics Committees
- Planning Appeals Advisory Committee
- Environmental Appeals Advisory Panel
- Other Specialised Committees Methods

  1. Heritage Review Committees Involved in the Heritage Impact Assessment process under the National Heritage Resources Act (NHRA). Likely includes: South African Heritage Resources Agency (SAHRA) Provincial Heritage Resources Authority (PHRA-WC) 2. Municipal Planning Tribunal (City of Cape Town) Responsible for: Reviewing and approving land use applications, rezoning, and precinct plans. Ensuring compliance with the Municipal Planning By-law (2015, as amended). 3. Environmental Assessment Committees Oversee compliance with environmental regulations and review: Environmental Impact Assessments (EIAs) Biophysical and landscape assessments Likely coordinated by the Department of Environmental Affairs and Development Planning (DEA&DP). 4. Public Participation and Empowerment Panels Facilitate community engagement, stakeholder consultations, and empowerment impact assessments. May include representatives from: Local government Civil society Community-based organisations 5. Procurement Oversight Boards Guide gender-responsive procurement, risk-sharing mechanisms, and supplier selection. Likely to be part of the Western Cape Government's infrastructure and investment governance structures.

22. Enviornmental Considerations

22.1 Projections of usage over time

- **housing uptake**

22.2 Informed by

- **growth trends**

22.3 Other

- 1. Feasibility Studies A detailed financial feasibility study was conducted during the derisking phase. Informed by current financial, technical, and institutional best practices. Confirms the economic viability of the development and guides infrastructure planning. 2. Housing Demand ±1,364 dwelling units planned. 34% affordable housing. 66% open market units. The cross-subsidisation model reflects a strategy to meet demand across income segments. Indicates strong demand for affordable housing in the region. 3. Commercial and Mixed-Use Demand Land uses include: Commercial (office and education). Retail. These components are informed by market demand and feasibility studies, suggesting: Viable demand for business and educational facilities. Integration with residential areas to support a live-work-play environment. 4. Demand Analysis and Market Size The prospectus references: Market demand analysis. Sector-specific analysis. Spatial and socio-economic studies. These studies support the precinct's alignment with regional development goals and urban regeneration needs. 5. Risk and Viability Considerations Risks identified: Insufficient funding for affordable housing. Market appetite for open-market units. Mitigation strategies include: Formal leases. Security and site management. Phased implementation via LADA.

23. Social Considerations

23.1 Department of Social Development Policies

- 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.
- Renewable energy installations and grid improvements.
- Upgrades to water and sanitation infrastructure.

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.
- Support for emerging farmers and cooperatives.

24.6 Green Economy

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

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)

26. Scale And Complexity

26.1 Total Addressable Market (TAM)

26.2 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.**

26.3 Demand Forecasting

- **Projections of usage over time**
  - **housing uptake**
- **Informed by**
  - **growth trends**
- **1. Feasibility Studies A detailed financial feasibility study was conducted during the derisking phase. Informed by current financial, technical, and institutional best practices. Confirms the economic viability of the development and guides infrastructure planning. 2. Housing Demand ±1,364 dwelling units planned. 34% affordable housing. 66% open market units. The cross-subsidisation model reflects a strategy to meet demand across income segments. Indicates strong demand for affordable housing in the region. 3. Commercial and Mixed-Use Demand Land uses include: Commercial (office and education). Retail. These components are informed by market demand and feasibility studies, suggesting: Viable demand for business and educational facilities. Integration with residential areas to support a live-work-play environment. 4. Demand Analysis and Market Size The prospectus references: Market demand analysis. Sector-specific analysis. Spatial and socio-economic studies. These studies support the precinct's alignment with regional development goals and urban regeneration needs. 5. Risk and Viability Considerations Risks identified: Insufficient funding for affordable housing. Market appetite for open-market units. Mitigation strategies include: Formal leases. Security and site management. Phased implementation via LADA.**

26.4 Size

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

27. Challenges

27.1 Financial Complexity

1. Multi-Source Funding Strategy

1. **Enablement Phase**: Funded by the **fiscal account**.
2. **Implementation Phase**: Funding sources to be determined during **developer procurement**.
3. **Anticipated Mechanisms**:
4. **Public-private partnerships (PPPs)**.
5. **Land Availability and Development Agreement (LADA)** model.
6. **Innovative finance options** (e.g., cross-subsidisation, blended finance).

2. Cross-Subsidisation Model

1. **34% affordable housing** subsidised by **66% open market units**.
2. Requires careful financial modeling to ensure:
3. Market-rate units generate sufficient surplus.
4. Affordable housing remains viable and accessible.
5. Risk: **Market appetite fluctuations** could destabilize the model.

3. Financial Feasibility and Risk Management

1. A **detailed financial feasibility study** was conducted.
2. Informed by **technical, institutional, and financial best practices**.
3. Risks identified:
4. **Insufficient funding** for affordable housing.
5. **Unlawful occupation** or delays in rezoning.
6. **Appeals and regulatory delays**.

4. Phased Development and Cash Flow Complexity

1. Development will be **phased**, requiring:
2. Staggered capital deployment.
3. Infrastructure investment aligned with land release.
4. Coordination of developer contributions and public investment.

5. Revenue and Cost Structures

1. Revenue expected from:
2. Land release to developers.
3. Commercial and retail rentals or sales.
4. Costs include:
5. Site enablement and derisking.
6. Infrastructure rollout.
7. Heritage preservation and environmental compliance.

6. Governance and Procurement

1. Financial complexity is compounded by:
2. Multi-stakeholder governance (provincial, municipal, private).
3. Procurement strategy involving **risk-sharing mechanisms**.
4. Need for **transparent bidding and supplier selection**.

27.2 Operational Complexity

1. Multi-Stakeholder Coordination

1. Involves the **Western Cape Government**, **City of Cape Town**, private developers, and community stakeholders.

2. Requires alignment across:
3. Statutory approvals.
4. Procurement processes.
5. Community engagement and empowerment strategies.

2. Phased Implementation via LADA

1. The **Land Availability and Development Agreement (LADA**) model introduces:
2. Sequential land release.
3. Coordination of infrastructure rollout with vertical development.
4. Risk-sharing mechanisms between public and private entities.
5. Each phase must meet specific approval and readiness criteria before proceeding.

3. Infrastructure Planning and Delivery

1. Infrastructure design and implementation are contingent on:
2. Final land use approvals.
3. Integration with existing municipal systems.
4. Climate-resilient and sustainable design standards.
5. Includes bulk services, transportation, digital infrastructure, and public amenities.

4. Mixed-Use and Typology Integration

1. The precinct includes residential (affordable and market), commercial, retail, educational, and heritage components.
2. Requires operational systems that support:
3. Diverse tenure and typology options.
4. Maintenance and service delivery across varied asset types.

5. Operations and Maintenance Strategy

1. Long-term asset management will rely on:
2. **Digital technology** for monitoring and performance.
3. **Resilience planning** for climate adaptation.
4. Defined maintenance protocols and funding mechanisms.

6. Site Security and Risk Management

1. Risks include:
2. **Unlawful occupation** prior to development.
3. **Appeals and delays** in statutory processes.
4. Mitigation includes:
5. Formal leases with termination clauses.
6. Fencing and active site management.

7. Community Engagement and Empowerment

1. Ongoing public participation is required under SPLUMA and heritage legislation.
2. Empowerment impact assessments are planned to support:
3. Skills development.
4. Local employment during construction and operations.

27.3 Technical challenges

Key Technical Challenges

1. Statutory Approvals and Zoning

1. **Heritage authorisation** and **land use rezoning** are still pending.
2. These are prerequisites for infrastructure planning and developer procurement.
3. Delays in approvals could stall the entire project timeline.

2. Infrastructure Enablement

1. **Bulk services (water, sanitation, electricity)** and **transportation infrastructure** require detailed planning post-approval.
2. The site's integration into existing municipal systems may require upgrades or new connections, which adds complexity and cost.

3. Phased Implementation via LADA

1. The **Land Availability and Development Agreement (LADA)** model introduces complexity in:
2. Sequencing land release.
3. Coordinating infrastructure rollout with vertical development.
4. Managing risk-sharing between public and private partners.

4. Heritage Integration

1. The site includes **heritage buildings and cultural assets** that must be preserved and integrated.
2. This requires:
3. Sensitive architectural design.
4. Compliance with the **National Heritage Resources Act (NHRA)**.
5. Potential structural reinforcement or adaptive reuse strategies.

5. Security and Site Management

1. Risk of **unlawful occupation or invasion** during the pre-development phase.
2. Requires ongoing **site security**, fencing, and lease management until construction begins.

6. Climate-Resilient and Sustainable Design

1. The project aims to be a **climate-smart urban regeneration model**, which involves:
2. Use of sustainable materials and technologies.
3. Integration of green infrastructure.
4. Resilience planning for long-term climate adaptation.
5. These goals may increase upfront technical and financial requirements.

7. Operations and Maintenance Planning

1. Long-term asset management will require:
2. **Digital technology systems** for monitoring.
3. Defined **maintenance protocols**.
4. Capacity building for local operations teams.

28. Phases

29. Project Stage-3 Submission & Approval

Submitted By	
Submitted On	
Signed By	
Approved On	