

**AGENDA of the
Portfolio Committee : Infrastructure and Planning
22 March 2016
(Also the agenda for the Mayoral Committee Meeting : 30 March 2016)**

23.

DEMARCATIION OF RESTRUCTURING ZONES : RESTRUCTURE ZONE CRITERIA AND METHODOLOGY AND DEMARCATIION OF RESTRUCTURING ZONES

Restructuring Zones

R Kuchar

(028) 313 8087

Hermanus Administration

22 February 2016

1. Executive Summary

This item serves to identify restructuring zones and to obtain Council's in principle approval of those restructuring zones.

2. Service Delivery and Budget Implementation Plan – IGNITE

Infrastructure and Planning
Town- and Spatial Planning

3. Compliance with Strategic Priority

Promotion of Tourism, Economic and Social Development

4. Delegated Authority

None

5. Legal Requirements

Chapter 2, 5.A of Social Housing Act 16 of 2008

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

The Western Cape Department of Human Settlements (WCDOHS) developed a Rental Housing Strategy for the Province during 2010, the study that informed the strategy indicated that the leader towns within the Province were experiencing reasonable levels of economic growth and that there is market failure to cater for the housing need of low to middle income earners within these Municipalities. Overstrand is currently identified as one of these Municipalities. The WCDOHS provided support for the development of an affordable rental housing strategy. This strategy will be submitted to Council for approval in due course.

The Social Housing Programme, a subset of the Affordable Rental Housing programme, has the requirement of a Municipality to identify and demarcate

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restructuring zones within its area of jurisdiction, to ensure that there is Social Housing Development and Management capacity to deliver the programme and to make resources available such as land and services for social housing.

Although the Social Housing Strategy is still forthcoming, Overstrand was requested to identify and approve the restructuring zones in order for it to be taken up in the Programme.

The methodology and criteria used to identify the preliminary restructuring zones is attached per Annexure A.

Discussion

By using the above methodology and criteria a total of 10 possible sites have been identified. These sites however still have to go through its formal legislative processes and it could result in some of these zones being eliminated. Other areas might also be identified in future and added to the programme.

Attached per Annexure B is the list of identified sites as restructuring zones. The first of 10 sites will be structured in a 10 year delivery programme.

The programme will be divided into two 5 year cycles of which the first 5 sites are earmarked in the first cycle. Attached per Annexure C, find the Locality Map of the 10 sites. All sites on the current list are green field developments, as a cost saving measure.

In future it will be possible to add brownfield development into the restructuring zones.

Conclusion

In order for Overstrand to partake in the process it is crucial to approve the land parcels as restructuring zones as contained in Annexure B.

7. Financial Implications

None at this stage. Future financial implications will be dealt with when the strategy has been adopted and detail planning has been done.

8. Staff Implications

None

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9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Restructuring Zone Criteria and Methodology

Annexure B: List of Properties

Annexure C: Locality map of properties identified as restructuring zones

RECOMMENDATION TO THE COUNCIL:

that the properties as listed in Annexure B be approved in principle as Restructuring Zones.

RESPONSIBLE OFFICIAL :	R KUCHAR
TARGET DATE FOR IMPLEMENTATION :	13 APRIL 2016
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

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**DEMARCATION OF RESTRUCTURING ZONES : RESTRUCTURE ZONE CRITERIA
AND METHODOLOGY AND DEMARCATION OF RESTRUCTURING ZONES**

Restructuring Zones

R Kuchar

(028) 313 8087

Hermanus Administration

22 February 2016

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
22 MARCH 2016, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that the properties as listed in Annexure B to the agenda item, **be approved** in principle as Restructuring Zones.

RESPONSIBLE OFFICIAL :

R KUCHAR

TARGET DATE FOR IMPLEMENTATION :

13 APRIL 2016

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

METHODOLOGY AND CRITERIA FOR DEMARCATION OF RESTRUCTURING ZONES

8.2 Legislative and Policy context

8.2.1 Social Housing Programme objectives:

The programme seeks to achieve the following objectives:

- Spatial restructuring by bringing lower income people into areas of economic opportunity;
- Social restructuring by promoting the mixing of races and class; and
- Economic restructuring by promoting spatial access to economic opportunities and job creation through the building of medium density housing.

8.2.2 The Social Housing Act 16 of 2008

Definition of a restructuring zone;

“The Social Act of 2008 defines a restructuring zone as follows: “restructuring zone means a geographic area which has been –

- (a) identified by the municipality, with the concurrence of the provincial government, for purposes of social housing; and
- (b) designated by the minister in the Gazette for approved projects”

Chapter 2, 5.A of the Social Housing Act, 16 of 2008 provides that a Municipality must;

“Roles and Responsibilities of Municipalities

5. *A Municipality must, where there is a demand for social housing within its municipal area, as part of the Municipality’s process of integrated development planning, take all reasonable and necessary steps, within the national and provincial legislative, regulatory and policy framework –*

- (a) *to facilitate social housing delivery in its area of jurisdiction;*
- (b) *to encourage the development of new social housing stock and the upgrading of existing stock or the conversion of existing non-residential stock;*
- (c) *to provide access –*
 - (i) *to land and buildings for social housing development in designated restructuring zones’*
 - (ii) *for social housing institutions to acquire municipal rental stock;*
 - (iii) *to municipal infrastructure and services for approved projects in designated restructuring zones, and*
- (d) *to the extent permitted under the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), and the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), to –*
 - (i) *initiate and motivate the identification of structuring zones, and*
 - (ii) *enter into performance agreements with social housing institutions.”*

8.2.3 Social Housing Restructuring Zones guidelines:

- i) Draft Restructuring Guidelines state that "restructuring zones are intended as an instrument (among others) to pursue restructuring of South African cities, this is essentially about integration: economic, racial and social. Restructuring is largely about moving away from housing interventions that entrench/enforce or in any way maintain the spatial status quo, which reinforces certain social and economic disparities.
- ii) "Restructuring is thus intimately linked to interventions in the land market: either to protect lower income (and often Black) people from displacement or to bring lower income (often Black) into areas of economic and other forms of opportunity from which they would otherwise be excluded. This is perhaps the most important meaning of restructuring". The logic of restructuring is clearly not the same as the logic of urban regeneration and urban renewal but there are some overlaps.
- iii) These zones are intended to align with Urban Development Zones and to link to planning processes such as the national spatial development framework, Provincial Growth and Development strategies/Provincial spatial development plans, and most particularly local authorities' IDPs. In the case of this assignment none of the selected candidate municipalities have UDZs, and this alignment is therefore, not required. Alignment with the other planning processes, and with urban renewal objectives would however, receive attention.

8.2.4 Restructuring via social housing seeks to achieve three main dimensions of restructuring:

- i) Spatial restructuring by bringing lower income (and often disadvantaged) people into areas where there are major economic opportunities (both with respect to jobs and consumption) and from which they would otherwise be excluded because of the dynamics of the land market on the one hand and the effects of land use planning instruments such as large-lot zoning (minimum erf sizes). This it should be stressed is the primary meaning of spatial restructuring as it used in social housing policy. Indirectly social housing as understood here contributes to spatial restructuring by increasing densities and compacting growth thereby ensuring that the poor are not pushed out to marginal locations at the edge of the city.
- ii) Social restructuring by promoting a mix of race and classes.
- iii) Economic restructuring by promoting spatial access to economic opportunity and promoting job creation via the multiplier effect associated with building medium density housing stock.
- iv) The primary dimension of the meaning of restructuring is economic opportunity/access. It should be used to open up areas which have major economic opportunities and from which poor people have been excluded or to protect poor people from being displaced from areas with economic opportunity (e.g. inner cities experiencing a revival of property values and where rents are escalating).
- v) A restructuring zone should be motivated on the basis that it contributes to all three types of restructuring. Promotion of economic access on its own is

however not sufficient motivation. So too is race and class mix (where social housing brings predominantly lower income people into higher income areas). Restructuring zones cannot be justified on the basis of spatial morphology alone (i.e. it cannot be solely motivated on the grounds that it contributes to changing the form of urban areas from low density areas with low-rise single unit dwellings to higher density areas with medium-rise buildings).

- vi) It is important to distinguish between “regeneration/urban renewal zones” and “restructuring zones”. Many local authorities have identified “regeneration/urban renewal” areas and as a general rule these are poor areas in need of upliftment and investment. They may be areas with significant latent economic potential but often they are not areas from which poor people have been excluded by virtue of the operation of the land market. In a South African context restructuring zones will often coincide with nodes and corridors of economic opportunity. Townships will not be restructuring areas although almost all will be regeneration areas. Of course there may be economic nodes and corridors within or abutting townships which could qualify as restructuring areas.
- vii) The inclusion of areas where “rights” accorded via other formal processes (such as land use zoning) may be negatively affected, should be avoided. The PRZ’s should as far as possible be uncontroversial and not affect existing rights.
- viii) Most municipalities have identified nodes and corridors in their planning processes. These are likely to be suitable as restructuring zones because of proximity to both job opportunities and consumption opportunities.
- ix) In instances where no suitable existing zones exist; appropriate restructuring zones should be identified and demarcated in uncontentious locations (such as inner city areas) so as to avoid long due process delays.

8.2.5 The Key Criteria for Approval are as follows:

- i) The provision of a sound restructuring logic in motivating the application. This is the key criterion.
- ii) Clear specification of restructuring outcomes and indicators.
- iii) The satisfactory identification of outputs considered necessary to achieve restructuring outcomes
- iv) Successful incorporation of Restructuring Zones into the normal planning activities/processes of the applicant municipality.
- v) The specification of adequate Zone management arrangements
- vi) Satisfactory execution of due process requirements including consultation with existing/affected residents conducted?

8.3 Western Cape context

Sustainability criteria for assessment of all human settlement projects in the Western Cape (BNG and Isidima)

The WCDHS has developed a system for assessing all human settlement projects with regard to:

- i) Economic sustainability - affordability, access to economic opportunities

- ii) Social sustainability - social integration, access to educational, recreational and health facilities
- iii) Ecological sustainability - conservation of scarce resources

8.4 Criteria for identification and demarcation of RZ's

8.4.1 General characteristics for areas to be designated as RZs

- i) Areas with adequate economic and social infrastructure
- ii) Areas with potential for economic, spatial and social integration, meaning areas where some, or all aspects of such integration are currently lacking
- iii) Well-located areas where the introduction of social housing would prevent the displacement of currently residing working poor people during slum clearance or urban renewal programmes
- iv) Areas which would not be impossible to zone/re-zone for residential/mixed-use development such as green belts/conservation areas, areas below flood lines or with impossible topographic/geotechnical development conditions
- v) Areas where the City or government own vacant land and/or underutilised/derelict buildings will be to advantage. This should not however, be an absolute requirement, and should not cause the exclusion of areas where no such properties are currently available, but where future opportunities may arise due to changes in the nature of properties.

8.4.2 Alignment, as far as possible, and within the principles of restructuring via social housing as outlined, with existing municipal plans such as:

- i) Spatial development frameworks
- ii) Transport plans
- iii) Local economic development plans
- iv) Infrastructure plans
- v) Housing chapters of IDPs/Housing sector plans

8.4.3 Access and proximity to:

- i) Public transport
- ii) Jobs and economic opportunities for the self-employed/small entrepreneurs
- iii) Services such as emergency services, health, safety and security services, education, day-care, welfare, cultural and community facilities
- iv) Retail shopping facilities

8.4.4 Should the location where potential SH tenants currently reside and/or work play a determining role in demarcating RZs?

Tenants for new social housing projects generally, but not always, come from all over the city and even beyond, acting mostly as individuals or individual households moved by their own personal decisions. This is different from new mass housing or informal settlement upgrading projects which deal with re-housing of entire existing communities and all the political, social and economic dynamics accompanying such processes. In practice the above should mean therefore, that where potential social housing tenants reside, should not normally be a determining factor in where RZs are located as the very objective is to

improve their residential locational circumstances. On the other hand many people may already be living in well-located, but insalubrious accommodation (backyards, etc) close to their existing jobs and other facilities and amenities. Note should be taken of this in planning SH projects, but it should not lead to RZs being demarcated in areas that don't conform to the general and specific criteria for such.

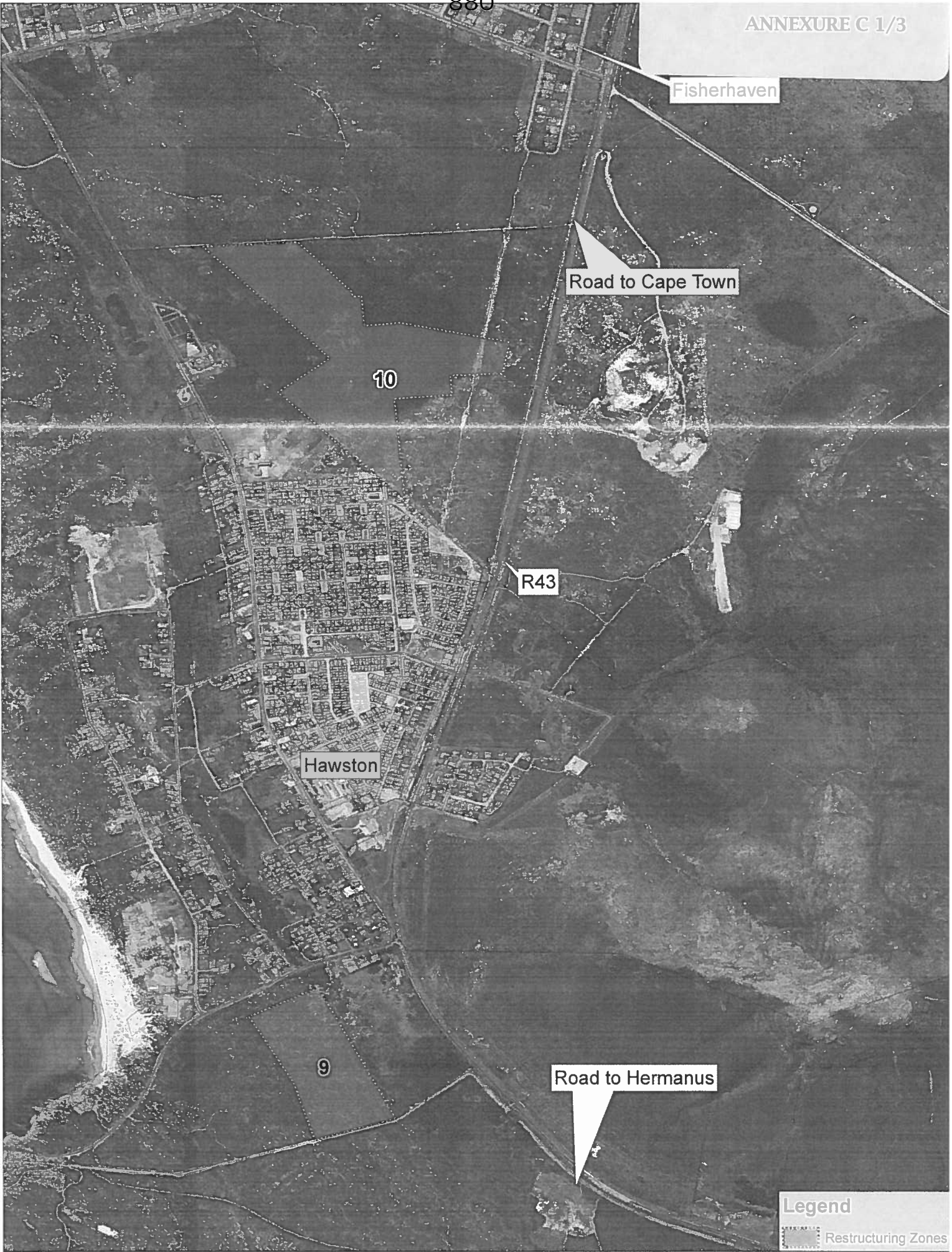
8.4.5 Specific Criteria for identification of Social Housing Restructuring Zones

- i) Within the general guidelines and criteria above, any point within a demarcated RZ should be:
- ii) Within 10 minutes walking distance (500m) of critical economic and social infrastructure nodes,
- iii) Within 10 minutes walking distance (500m) of established, efficient and affordable public transport routes/nodes to critical economic and social infrastructure nodes, and such transport pick-up points be..
- iv) Within 15 minutes driving distance of such economic and social nodes

LIST OF PROPERTIES OVERSTRAND MUNICIPALITY

Site No	LOCATION	OWNERSHIP	ERF NO/ ADDRES S	SIZE	LAND USE	CONSTRAINTS
1	Mount Pleasant	Municipality	243	5.6 ha	Vacant except for infrastructure running through the property and a water reservoir situated on the property.	The incline of the property is 10:1 and should be considered with development cost. Area is identified as a control area, because of the mountain interface. Water services run down the property and water reservoir. Steep incline to northern part of the property.
2	Mount Pleasant	Municipality	243	2 ha	Vacant	The property is approved for commercial use.
3	Mount Pleasant	Municipality	243	1.09 ha	Vacant	Application in process, to be rezoned for commercial or institutional use. If housing is considered for this property, the design of the housing should incorporate commercial units.
4	West Cliff	Communicare	7283	1.2 ha	Vacant	Property is used by Communicare. A portion of the property is undeveloped due to geological conditions.
5	Zweihle	Municipality	243	3.4 ha	Vacant	The property was used as a dumpsite and rehabilitation may be required.
6	Gansbaai	Municipality	2430	0.46 ha	Vacant	Spatial Growth Management Strategy identifies area for mixed densification.
7	Gansbaai	Municipality	2430 and 210	3.83 ha	Vacant	Spatial Growth Management Strategy identifies area for mixed densification.
8	Gansbaai	Municipality	210	1.69 ha	Vacant	Spatial Growth Management Strategy identifies area for mixed densification.
9	Hawston	National Department of Public Works	572/8	12.6 ha	Vacant	Property is owned by National Department of Public Works.
10	Hawston	Afdakrivier Eiendoms Ontwikkeling	572/8	16.8 ha	Vacant	Property belongs to a private entity.

Land and existing Municipal rental/CRU stock



Proposed Restructuring Zones (Hawston)

Legend

Restructuring Zones

Munisipaliteit - U-Msibela - Municipality



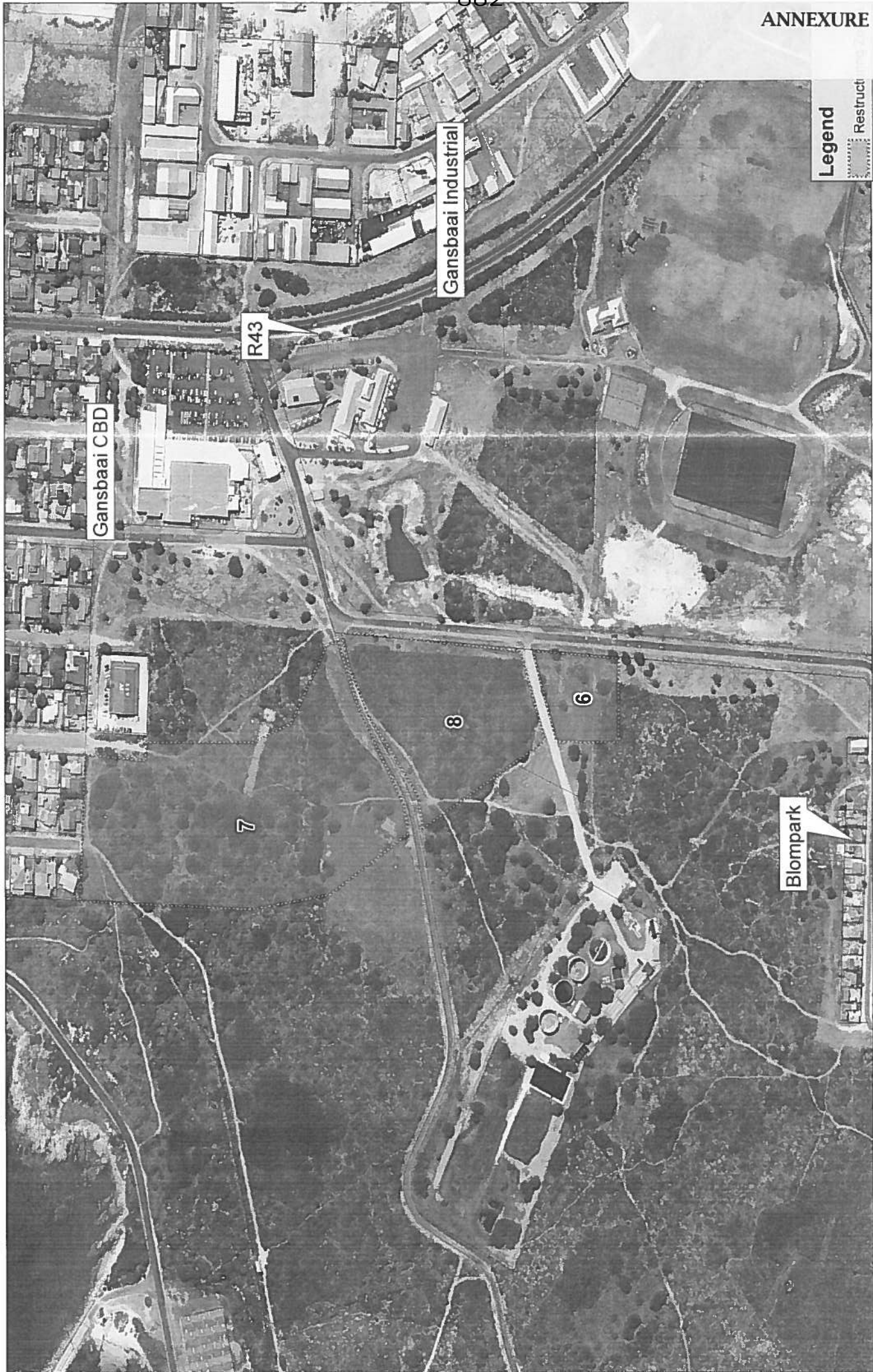
Legend
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Proposed Restructuring Zones (Mount Pleasant / Hermanus / Westcliff)



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Proposed Restructuring Zones (Gansbaai)

