FINAL REPORT

Beyond policy frameworks: listening to the voices of developers and municipalities in urban land development in South Africa

SUBMITTED BY:
Department of Town and Regional Planning (UP) under the auspices of Business Enterprises at University of Pretoria (Pty) Ltd

PREPARED FOR:

Urban LandMark
making urban land markets work for the poor

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LIST OF ABBREVIATIONS
BNG  Breaking New Ground
CCTMM  City of Cape Town Metropolitan Municipality
CLO  Community Liaisons Officer
CoJ  City of Johannesburg
CTMM  City of Tshwane Metropolitan Municipality
DFA  Development Facilitation Act
DWAF  Department of Water Affairs and Forestry
EIA  Environmental Impact Assessment
GDACE  Gauteng Department of Agriculture, Conservation and Environment
GLA  Gross Leasable Area
IDP  Integrated Development Plan
LDOs  Land Development Objectives
PTO  Permission to Occupy
RBN  Royal Bafokeng Nation
ROD  Record of Decision
SACN  South African Cities Network
SAPI  South African Planning Institute
SDF  Spatial Development Framework
UNESCO  United Nations Educational, Scientific and Cultural Organisation
1 INTRODUCTION

1.1 Background to the study

Since 2006, Urban Landmark has commissioned studies around urban land markets in South Africa with the aim of gaining a better understanding of such markets, and more specifically, how such markets could be made to 'work better for the poor'. The broader Urban Landmark research programme therefore seeks positive influence on urban land development policy and practice and improvement of poorer people’s access to well-located land. In order to gain a holistic understanding of urban land markets, a variety of qualitative studies on the various dimension of urban land markets have been commissioned. Some of these include studies on (1) problems encountered by the poor in accessing land, (2) ways in which the poor acquire, hold and transact land, and (3) the dynamics of the formal urban land and property market in South Africa.

With this assignment Urban Landmark sought an exploratory study that still started from the normative position of improving urban land markets for the poor, but focused more on the ‘voices’ of developers and municipalities in urban land development in South Africa. With this in mind, the organisation appointed Business Enterprises at the University of Pretoria to undertake a qualitative study into the perspectives of developers and municipalities. The research team included researchers from the Department of Town and Regional Planning at the University of Pretoria, and the Built Environment programme at the Council for Scientific and Industrial Research.

1.2 Aim and objectives of the study

The aim of this study was to gain an in-depth understanding of the perspectives and everyday experiences of developers and municipalities around urban land development in South Africa. As such, the study aimed to move beyond policy and legislative frameworks to take a direct look at the reality of urban land development in South Africa. More specifically, the objectives of the study were to provide an in-depth understanding of:

- How urban land development and governance “actually work in practice”;
- The political, economic, and social factors that influence urban land development and governance; and
- The interaction between developers and municipalities.

1.3 Case study method and summary of selected cases

A case study method was used to conduct the research and to yield the required in-depth qualitative understanding of the perspectives and experiences of developers and municipalities of urban land development practices. The rationale for using case studies was that it would anchor different questions around the three primary study objectives on single development projects, thereby allowing researchers to cross-reference questions and answers and provide thicker descriptions of developers and municipalities’ perspectives and experiences. The use of case studies also enabled developers and municipalities to speak about the same development projects, and thereby the same issues. This allowed the researchers to compare perspectives and experiences around the same issues.

The main sources of data included (1) desktop material on the background of selected development projects and the company developing the project and (2) in-depth semi-structured interviews with
developers and municipal officials involved in the projects. Although the study focussed on the perspectives of developers and municipal officials, consulting town and regional planners involved in the selected development projects were also interviewed. This was done because town and regional planners often serve as a communication link between developers and municipalities and because of their knowledge of, and involvement in the technical-administrative process of land development.

Preliminary findings from pilot interviews and ad hoc discussions with various role players in the urban land development sector were discussed in a number of work-sessions with Urban Landmark. Following these discussions, a case study framework was drawn up to research each case. The case study framework, shown below, unpacked each of the three research objectives into different issues/questions to be followed up, accompanied by appropriate data collection methods.

**Table 1: Case study framework**

<table>
<thead>
<tr>
<th>RESEARCH OBJECTIVES</th>
<th>ISSUES / QUESTIONS</th>
<th>DATA COLLECTION</th>
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</thead>
</table>
| 1. Describe the background of the company briefly | • Type and profile of company  
• Definition and view of development by company  
• Business model (type of developments; financing options and models; company ethos, etc.) | Preliminary interview and review of company portfolio and other documents |
| 2. Describe the background of the project briefly | • Type and extent of project  
• Project objectives  
• Location  
• Costs | Preliminary interview with the project manager and/or municipal official and review of project proposals, plans and documents |
| 3. Provide an in-depth understanding of how land development and governance works in practice | • What was the process that was followed?  
• How were important decisions made?  
• To what extent did developers and municipalities/provincial governments engage in negotiations outside the ordinary approval/consent processes?  
• What kinds of partnerships were formed and who were the key role players?  
• What incentives and/or benefits did developers and/or municipalities offer?  
• What were some of the challenges that were experienced during the process and how were these challenges dealt with?  
• How did these challenges impact on the ability of the project to meet the set objectives? | Interviews with the project manager, the town planner and municipal and provincial government officials |
| 4. Provide an in-depth understanding of the political, economic, and social factors that influence land development and governance. | • What were the important political factors that influenced the project? (e.g., new policies and regulations, IDP/SDF objectives, internal politics in the municipality and/or company, etc.)  
• What were the important economic factors that influenced the project? (e.g., ownership of land, market value of land, land cost, infrastructure, local demand, company business model, raising interest rates and land and fuel costs, etc.)  
• What were the important social factors that influenced the project? (e.g., fear of crime, skills shortages, political confidence, etc.) | Interviews with the project manager, the town planner, and municipal and provincial government officials |
<table>
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<tr>
<td>5.</td>
<td>Provide an in-depth understanding of the interaction between developers and municipalities</td>
<td>Interviews with the project manager, the town planner, and municipal and provincial government officials</td>
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<td></td>
<td>• What was the nature of the interaction between the developer and the municipality?</td>
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<td>• How was the interaction experienced?</td>
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<td></td>
<td>• What would the various role players like to see the other parties do differently in future?</td>
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After having discussed the objectives of the study during pilot interviews and *ad hoc* discussions with various role-players in the industry, these role-players in turn provided references to actual development projects which they considered informative in terms of the objectives of the study. After carefully following up on these references, case studies of development projects were selected considering a reasonable cross-section of:

- Provinces;
- Types of municipalities;
- Types of developers;
- Types of development projects; and
- Role players with whom researchers had some rapport.

The types of development projects selected as case studies were fairly diverse and ranged from typical suburban residential estates, a commercial shopping mall, social housing projects, a theme-oriented tourism park, a precinct development, upmarket golf and coastline resorts, and a large-scale integrated mixed use development. Selected cases are first summarised in *Table 2* on the next page, and thereafter described in more detail in abridged case study write-ups. Full case study write-ups are contained as an annexure.
<table>
<thead>
<tr>
<th>NAME OF PROJECT</th>
<th>PROVINCE</th>
<th>MUNICIPALITY</th>
<th>TYPE OF PROJECT</th>
<th>DEVELOPER</th>
<th>SHORT DESCRIPTION AND KEY FINDING</th>
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<tbody>
<tr>
<td>Feather Wood Estate</td>
<td>Gauteng</td>
<td>City of Tshwane Metropolitan Municipality</td>
<td>Upmarket retirement estate</td>
<td>Power Group</td>
<td>Niche market residential development in the eastern suburbs of Tshwane, developed solely for profit. Developer found innovative solutions to curb delays due to administrative requirements in the Ordinance, and will as such have preferred a DFA application in hindsight. Role of consultants in interfacing between the developer and municipality very important, especially that of planners.</td>
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<tr>
<td>Kingswood Retirement Village</td>
<td>Gauteng</td>
<td>City of Tshwane Metropolitan Municipality</td>
<td>Mixed income retirement village</td>
<td>Atterbury Property</td>
<td>Mixed income middle to upper end retirement village in the eastern suburbs of Tshwane. Difficult fall-out site was translated into valuable asset and optimally used through creative design and engineering solutions. Despite wider gain, immediate neighbours, especially ones directly to the south of the site have lost their views.</td>
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<tr>
<td>Cosmo City</td>
<td>Gauteng</td>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>Mixed income, mixed land use project</td>
<td>Joint venture – City of Johannesburg, Gauteng Provincial Government &amp; Codevco</td>
<td>Novel, groundbreaking development in which the principles of integration and value-creation and maintenance for the poor through property development was first demonstrated. Process of getting development on the ground is not testament to ingenious funding and design solutions, but also the tenacity and commitment of a few key passionate role players.</td>
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<tr>
<td>Westonaria South</td>
<td>Gauteng</td>
<td>Westonaria Local Municipality</td>
<td>Mixed income, mixed land use project</td>
<td>Crimson King Developments</td>
<td>A further, and most probably the latest evolution in the Breaking New Ground-development model. This mixed income, mixed land use, public transport-friendly development is to serve primarily as area to which a large segment of the community living in the life-threatening dolomite-affected Bekkersdal settlement in Westonaria will be relocated.</td>
</tr>
<tr>
<td>Jabulani Mall, Soweto</td>
<td>Gauteng</td>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>Shopping mall</td>
<td>Roux Property Development Africa</td>
<td>Large shopping mall with several anchor stores. The profitability of the development and the much needed development brought to Soweto resulted in a perceived win-win scenario and positive interaction between the developer and municipality.</td>
</tr>
<tr>
<td>Waterberg Golf and Wildlife Estate</td>
<td>Limpopo</td>
<td>Bela Bela Local Municipality</td>
<td>Upmarket housing, golf and wildlife estate</td>
<td>Waterberg Development Consortium</td>
<td>Unique development that is highly exclusive and based solely on profit. Both parties felt that the DFA application was crucial due to the municipality’s lack of capacity to deal with an application via the Ordinance. Consulting planners raised awareness of the need to make social contributions.</td>
</tr>
<tr>
<td>NAME OF PROJECT</td>
<td>PROVINCE</td>
<td>MUNICIPALITY</td>
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<td>Heartland – Somerset West developments</td>
<td>Western Cape</td>
<td>City of Cape Town Metropolitan Municipality</td>
<td>Upmarket large scale mixed use development</td>
<td>Heartland Properties</td>
<td>Development company within a larger company aimed at optimising property assets. The development company serves as an interface between the main company, the municipality, and other developers. The case highlighted the negative impact of political turnarounds in the municipality and the inability to stick with policies.</td>
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<tr>
<td>2010 FIFA Stadium Precinct Upgrading, Royal Bafokeng Nation</td>
<td>Northwest</td>
<td>Royal Bafokeng Nation land, Phokeng, Rustenburg Local Municipality</td>
<td>Redevelopment and upgrading associated with 2010 Soccer World Cup</td>
<td>Royal Bafokeng Nation through its Holdings company and Administration, in partnership with prospective private sector investors</td>
<td>The project, which entails not only the provision of roads and parking infrastructure to cater for the use of the stadium for the 2010 Soccer World Cup, also makes provision for a range of other activities that will benefit the community living in the Phokeng-area. Of interest is the no-no-nonsense “master plan-approach” by which the King and his Administration are pursuing their developmental objectives.</td>
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<tr>
<td>Platinum City</td>
<td>Northwest</td>
<td>Rustenburg Local Municipality</td>
<td>Urban redevelopment, mixed land use mining theme park</td>
<td>A partnership between Rustenburg Local Municipality and Archway Projects</td>
<td>A theme park that not only seeks to diversify the economy of the Rustenburg Local Municipality, and start providing for “a life after platinum”, but also provides a perspective on novel way of urban infill development in an area sidelined by the private sector, despite massive growth in the wider area.</td>
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<tr>
<td>Umhlanga Ridgeside Development</td>
<td>KwaZulu Natal</td>
<td>eThekwini Metropolitan Municipality</td>
<td>Upmarket mixed use development</td>
<td>Tongaat-Hulett Developments</td>
<td>Like Heartland, it involves a development company within a larger company aimed at optimising property assets. Because Tongaat-Hulett is a major landowner in the metro, a liaising committee mainly consisting of municipal officials was established to fast track Tongaat-Hulett’s land development applications, and to give the municipality greater control over Tongaat-Hulett’s applications.</td>
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2. ABRIDGED CASE STUDIES

2.1 Case Study 1: Feather Wood Estate

Feather Wood is an upmarket retirement estate and serves as an example of a more ‘straight forward’ development, at least within the Power Group portfolio. It is located in the new eastern extensions of the City of Tshwane Metropolitan Municipality (CTMM) close to Pretoria East Hospital, and ironically, next to a cemetery. The development consists of a number of phases that are rolled out as units are sold off. There are about 158 units in total ranging in size from 140 to 160m².

The development is entirely aimed at meeting a very specific upmarket lifestyle of retired citizens in the east of Pretoria. As such, a lot of attention goes into making sure clients are satisfied. Importantly, Feather Wood Estate is different to other retirement estates, as it is not registered with the Retirement Council. Instead, Power Group developed it as a sectional title scheme in order to avoid the administrative costs and difficulties associated with registration. However, the sectional title incorporates sets of rules from the Retirement Council.

The decision whether to develop was largely influenced by Power Group’s business model. The current business model allows for a certain percentage of development to be targeted at upmarket residential retirement estates. This is because this end of the residential property market is considered relatively stable since there is a constant demand and buyers usually have existing properties that they can sell in order to fund their purchase into the retirement estate.

In the case of Feather Wood Estate and similar developments, the role of the town planner in particular is considered important during the development process and in terms of interfacing with the municipality. The planner typically first consulted relevant planning documentation, such as the title deed, Spatial Development Framework (SDF), land use plans, etc., to get an idea of intended land uses. He also delved a bit into the background of the property to make the developer aware of any issues that might affect the development and to get a sense whether the municipality was going to be “difficult” about the development.

An unforeseen challenge came about when the architect’s submission of building plans for approval by the municipality was late. This resulted in all plans having to be re-circulated which took several weeks. However, since the developer was bound by occupation dates, construction had to proceed without certain consents and risks were weighed up. A stage was reached during which sewer lines needed to be covered, but the municipality’s engineer could not sign off, as consent had not been given. The developer then incurred additional costs by appointing a private engineer to assess the lines and take photos, which could be presented to the municipality at a later stage without them necessarily having to reopen all the lines for inspection and thereby delay the construction process even further. Feather Wood Estate’s application was done in terms of the Ordinance, whereas the developer would in
hindsight have chosen to do it in terms of the DFA. This would have required the municipality to respond within a time limit, making it financially less risky than having the development held up for up to one to two years.

Probably the single most important economic factor that impacted on the development pertained to the rate at which units could be sold, which in turn were influenced by two additional factors, namely: (1) high interest rates (although this was prior to further expected significant increases during June/July 2008 at the time the research was conducted), and (2) the time buyers at this end of the property market took to decide whether to buy, since they were bound by sales of existing properties and because of the importance of deciding where they were going to spend the remainder of their lives. A further economic factor pertained to the increasingly poor reputation of retirement estates as many had gone bankrupt due to costly frail care facilities. This was addressed by developing the estate as a sectional title and outsourcing very basic frail care facilities.

Regarding how development could be made more equitable and sustainable, the developer suggested that it is perhaps not so much the concern of the developer than it is of the municipality, since the municipality constitutes a legal entity that can/should oversee such policy issues, whereas the developer responds to market forces. The planner suggested that the Environmental Impact Assessment (EIA) is currently the most appropriate mechanism to address issues of sustainability.

In the case of Feather Wood Estate, which fell under the CTMM, the relation between the developer (and his team of consultants) and the municipality was unfortunately a bit strained, at least from the point of view of the developer. This is despite Power Group’s good reputation, but the fact that they are relatively new in Gauteng and that Feather Wood Estate constituted one of the projects that were meant to launch them in Gauteng, arguably made them relatively unknown with the CTMM that would have influenced relations. The developer perceived some officials in professional and technical positions to be willing to help, but were not really able to since they were largely bound by red-tape, legislation, local government politics and fear of reprimand should that go beyond existing policy and legislative frameworks. The developer acknowledged that the perception of municipal officials of developers is very important. For the developer, what made the developing Feather Wood Estate different in terms of the interaction with the municipality was the appointment of a competent and efficient planning consultant and an equally competent planning official overseeing that particular ward.

2.2 Case Study 2: Kingswood Place

The retirement village is situated in the eastern suburbs of Tshwane in the suburb of Newlands just opposite the Hatfield Baptist Church on its western border, and has a total project value of R215-million. The site used to have the appearance of an undeveloped public open space, which, according to officials, posed a security risk to neighbouring properties. From this perspective one of the officials described the development as “wonderful escape plan”, saving the municipality from what was feared would become a major squatting problem. The development itself is a middle income to upmarket retirement village that caters for a wide variety of lifestyle needs and affordability levels through a wide range of dwelling types.
During the early 1990s the Hatfield Baptist Church bought the property from the then City Council of Pretoria with the intention of developing a Christian university on the property. This failed to materialise and the property increasingly acquired the profile of an informal sleeping area. Seeing an opportunity Atterbury Property approached the Church and bought the land from them, with the proviso that the Church would retain an involvement in the property by taking over management of the Health/Frail Care Centre once operational. The developers opted for the former Transvaal Town Planning and Townships Ordinance, 1986, and the application lodged by the then town planning firm of Frik Pohl Town Planners (now “Origin Planning”). The primary reason for choosing the Ordinance was familiarity with procedures and officials in the CTMM.

The main driver in the project was the objective of the developer to put a project on the market that would meet the wishes of a unique and small segment of the South African retired population, and at the same time produce profits within a set target range. As such, the developer went to great extremes to develop a very solid, well-finished retirement complex, with no expenses spared, and with an acute focus on detail. Every attempt was also made to accommodate a “village community” with reduced mobility and persons in wheelchairs. As for council planning frameworks and policies, the developer took careful note of the municipal policy regarding retirement villages and fully complied with every requirement.

In general, it seemed that the interaction went reasonably well, but that officials of the CTMM at times felt that the developer was seeking to maximise the number of units on the property (e.g. the height of the structure as referred to earlier) without considering the surrounding environment or adjacent property owners. On the other hand, the officials commended the clever layout of the village, the “natural feel” of the park, the quality of the finishes and the provision of a Health/Frail Care Centre in the development, as they believed that “a retirement centre/village without such a facility was not a retirement centre/village”.

On a more generic level, the interviewed officials all indicated that developers generally simply ignored municipal plans and policy frameworks and simply did what suited the profitability of their development. They also observed that it often happens that pressure is applied by a councillor on a municipal town planner dealing with an application in the form of requests/instructions to give the application priority. According to them this did not in any way suggest or imply that the councillor was being bribed, as the councillor could simply be seeking to serve a member from his/her constituency querying progress with an application. However, it did raise the question of administrative equity. At other times, the officials observed, a politician would “start making positive remarks about a development, or asking questions in a meeting with the intent of eliciting positive responses” from the official.

The officials made many references to the growing lack of technical capacity in the country, and in particular in the public sector, arguing that this was in their case frustrating the completion of
applications for development. They also emphasised the need for, and value of, networks and relationships in the land development environment in general and in the municipality in particular, in getting the prescribed actions still completed in a reasonable period. Still somewhat on the same topic, they lamented the lack of mentors to properly “train” new intakes from Planning Schools in municipalities and provincial government departments, as in the days when they entered the system.

2.3 Case Study 3: Cosmo City

Cosmo City is an integrated social housing project, the first of its kind in South Africa. As such, it makes provision for subsidised, bonded and rental housing. The total development, which covers approximately 1 200 hectares, includes:

- 4 992 fully subsidised houses (with a floor area of 32m² on properties of 250m²);
- 2 959 financial charter houses (with a floor area of 60 m²);
- 3 337 bonded houses; and
- 1 000 apartments for rent in a high-density format on nine stands.

In addition to the range of housing options, the development also includes seventeen school sites, forty church sites, clinics, libraries, parks, conservation areas (covering approximately 225 hectares), a police station, sports fields, a public swimming pool, taxi ranks, markets, shopping centres, business nodes and petrol stations. Twenty-seven hectares have also been set aside for industrial development that will contribute to providing job opportunities for residents in the settlement and further enhance its sustainability. Provision was also made for approximately 150 hectares of provincial road reserves to ensure that the future mobility needs of the residents, as well as of the wider region, are not compromised.

A radical departure from other residential areas that are not targeted at the higher end of the market was the clear decision that investment from the public and private sectors had to be integrated and “arrive in the area at the right time”. In this way the typical example of communities arriving in an area that is simply a housing estate with none of the basic ingredients of a good town life, e.g. schools, clinics, parks, etc. was avoided. A key objective of the development was to ensure integration between different income groups and land uses, both to break the spell of (1) apartheid urban form and (2) the 1930s-modernist urges to separate land uses. As such the project has been a major success, and has received numerous awards on the back of this.

The story of Cosmo City in relation to how land development and governance took place in practice really has two parts. The first part starts way back in 1996 prior to the creation of the City of Johannesburg. At this time the Northern Metropolitan Local Council identified the need to provide housing for two large informal communities – Zevenfontein and Riverbend – during the preparation of their Land Development Objectives (LDOs) in terms of the DFA. A court order was obtained and the
The second part starts with the City of Johannesburg (CoJ) and the Gauteng Department of Housing inviting bids and short-listing five companies in 2000 to submit development proposals for the development of a new inclusive housing project called “Cosmo City” on Hans Strijdom Road in the northern segment of Johannesburg. A team headed by Basil Read and Kopano ke Matla emerged as the successful bidders and decided to set up a company called “Codevco”. The town planning firm of Urban Dynamics, who already prepared the winning bid on behalf of Basil Read, was tasked by Codevco with managing the process of getting everything in place to submit a town-planning application to the City of Johannesburg. This also involved the management of the professional team that was put together by Codevco. Once this task was completed, Urban Dynamics prepared the town planning application for the development. The Ordinance-route that was followed was chosen primarily as the CoJ wanted to retain control of the process.

It took three years for Codevco to get on site after having been appointed in 2000. The primary reasons for this were time-delays brought about by the EIA, court cases and lengthy community participation processes during which at times close to 3 000 people would show up at meetings. What was very favourable to the developer in this case, was that the City owned the land, which meant that these holding costs were not an issue.

The project was conceptualised to deliver on five key objectives - each on which it has thus far delivered:

- To integrate different income groups in the same area: This was achieved through the provision of different housing tenure and price-types in the same area and by using schools and public open spaces as integrating zones.
- To integrate compatible land uses in the same area: The development makes provision for residential and non-residential uses in close proximity to each other.
- To create, maintain and store value in housing/property for the poor: Cosmo City improves on the “RDP housing”-model with (1) the regional location of the development in close proximity to high-value developments, and (2) the mixing of residential and non-residential land uses in the suburb.
- To promote sustainability: This is done by ecological integration, i.e. integrating nature in the settlement, and by inter alia the mixing land of land uses, using solar energy panels, environmental education, competitions for ‘best gardens’.
- To ensure a profit for the developer: Clever planning, a sensible layout, good housing, dedication, a good regional location, timing and luck all played a part as well.

All parties described the interaction as very positive. Interviewees in the private sector was full of praise for the project manager in the CoJ, with everyone agreeing that if it were not for him the project would in all likelihood not have happened. What stood out more than anything else was passion and dedication to the cause, backed up with the technical expertise and political will to steer the project through difficult
obstacles. As for the private sector involvement in the form of Codevco and Urban Dynamics, this interaction was experienced as equally positive. What stood out here was integrity, ability and an absence of greed, at least as perceived by the researcher. While the private companies obviously had to make a profit, in their involvement in Cosmo City this was not the only driver. Also, in the pursuit of their own gain, the firms were very mindful of what the other parties wanted. For them it was clearly not a zero-sum game in which one can only benefit at the cost of another. Instead it was one in which it was possible to assist other parties in meeting their objectives, while still pursuing one’s own, and in the process gaining far more than was originally envisaged.

2.4 Case Study 4: Westonaria South

The project is a “new type of urban development”, developed in strict conformance with the Breaking New Ground ideals and principles of integrated and sustainable social housing. According to both the developer and the town planner from the firm of VeloCITY Town Planning and Project Management, the development represents the cutting edge of this new form of urban development. The development makes provision for 6 500 residential erven for subsidised and bonded housing, as well as the full contingent of land uses that would be found in any typical middle-income suburb in South Africa. As such, a totally integrated suburb in terms of (1) land use type, intensity and mix, (2) tenure type, (3) income group, (4) lifestyle and (5) age-bracket, is provided for. Of note is the provision of sizeable tracts of land for industrial purposes, retail activities and social housing. In contrast to the rule for developments with a significant residential component, the layout plan also makes provision for 20 church sites. According to the town planner the Gauteng Department of Housing stipulated that erven for church purposes had to be set aside so as to create a fully-fledged suburb in accordance with the BNG ideals.

The reason for the project stems squarely from the need to relocate the Bekkersdal community who are settled on land that is located in a sinkhole-prone dolomite-area. Recognising the need and the opportunity this presented, the owner of the property on which the development will take place, approached the municipality and proposed developing a fully integrated neighbourhood (in terms of land use and income-type) on the property to accommodate a sizable sections of the Bekkersdal community. Key to this proposal was that the developer owned the property, as this meant that holding costs would not be an issue for the developer, and also indicated that they were serious about the venture. The municipality responded favourably and discussions with the Gauteng Department of Housing ensued.

The old Transvaal Town Planning and Townships Ordinance, 1986, will be used for the application. The reason for this is according to the developer that they value the ability to keep track of their application and to call an official they knew, or to set up a meeting in the event of there being delays or concerns that needed to be sorted out. “Better the devil you know”, he argued. The DFA simply did not allow them this “intimate” tracking and follow-up of their application. It was primarily for this reason that the developer has never used the DFA-option. The developer emphasised that it took years to develop good working relationships with the officials in the municipalities they worked in, and it was these relationships that were instrumental in the successful completion of applications.

Numerous service providers were appointed and a mound of reports produced on inter alia the geotechnical conditions, engineering services (i.e. water, electricity, stormwater and roads), environmental concerns, financial matters and town planning aspects. These service providers also met regularly to ensure integration and to iron out problems. In addition to this a Technical Steering Committee chaired by the Gauteng Department of Housing, was established, on which (1)
representatives from the local and district municipality, (2) provincial sector department representatives, (3) the developer and (4) service providers appointed by the developer served.

The developer expressed grave concerns about a number of aspects related to the governance of this and other projects. Key amongst these was the lack of competent officials in technical areas in both the municipal and provincial spheres, which, according to him, then resulted in (1) a fear and/or an inability to take decisions, (2) slow progress in completing applications and (3) an inability to differentiate strategic and less strategic aspects in a project. Of equal significance was the Gauteng Department of Agriculture, Conservation and the Environment (GDACE), which was experienced by the developer as an extremely frustrating part of the development process. According to the developer this department was causing enormous hold-ups in projects, was slow in dealing with applications and was completely inaccessible. According to the developer it could take up to three years to get a Record of Decision (ROD) from this department.

The developer indicated that the BNG-route the development took was “the way to go” with regards to property development in South Africa, and that if one could indicate that it was possible to make it work, as the developer clearly believed it was, the company would be “set for life”. The developer, however, was very clear that it was a very difficult project, given the very tight financial constraints. With regards to the design of the town, both the developer and the town planner indicated that the three key driving themes in the design of the layout of the town (including the specific selection and location of the different land-uses) were:

- The BNG-ideals, principles and prescriptions;
- The prevalence of dolomite and the severity of the risk of sinkholes; and
- The financial viability of the project.

Both the developer and the town planner indicated that the interaction with the Westonaria Local Municipality generally went well. On a more general level the developer indicated that experienced frustrations with municipalities, and not officials per se. According to him municipal officials generally did their best, but were prisoners of the circumstances they were trapped in: The institutions they were employed by were simply understaffed, or lacked officials with the necessary knowledge and experience that their mandates demanded.

According to the developer (1) lack of leadership in the sections or departments in municipalities or provincial government departments that had to attend to applications, and (2) insufficient numbers of officials, meant that such departments were simply so occupied with crisis-management that they could not conceptualise or put in place more efficient methods to process applications. In addition to this, the presence of only a small number of officials that could “do the job” resulted in highly drawn-out processes, as processes had to wait for these officials’ attention.

Both the developer and town planner indicated that in the process of interacting with officials in municipalities and provincial departments, networks were crucial. Consultants relied heavily on their relationships, nurtured over many years, to set up progress meetings and keep things on track. The developer indicated that the existence of such networks was also regarded as a key consideration in the appointment of service providers. He also indicated that the situation regarding lack of capacity was so severe, and had such high holding costs and professional fee-implications, that he increasingly avoided working in municipalities where these were causing delays that threatened the financial viability of projects.

According to the town planner there were often heated debates amongst role-players in the process with differences in objectives and approach playing a huge part in creating tensions. In addition to this
she indicated that where professionals, even spanning professional boundaries, knew each other and had respect for each other, the interaction went much better. She also suggested that perceptions of each other in these processes played a huge part in the effectiveness of forums and negotiations.

What emerged strongly from this case study was the importance of using service providers that (1) were highly capable (as, according to the developer, “no-one has time to teach anyone these days how to do their work”), (2) respected in the field, and (3) preferably known to each other. Equally important were networks between these service providers and their colleagues in the organs of state to see applications for development through. These networks, the town planner observed, take years to establish – “not less than five to six years of working in the field”, she said – and also require maintenance.

2.5 Case Study 5: Jabulani Mall

Jabulani Mall, a large shopping centre, was completed in 2006 and is located on a 10-hectare plot of land in the traditional heartland of Soweto. The mall, which includes 104 stores, has become a focal point for Soweto in an area that has been earmarked by council as the administrative and cultural node of Soweto. With the development of the mall, the area now has a greater mix of different land uses that is still in line with the local municipality’s objectives for the area. Jabulani Mall, valued at R320 million, is estimated to have created 1 950 jobs directly and indirectly.

The site for Jabulani Mall was identified after a local market assessment and a thorough aerial search using Roux Property Development’s private helicopter. The developer first does an ‘internal’ marketing study to assess feasibility by exploring the local area, conducting household interviews, etc. Experts are then appointed to do detailed marketing and feasibility studies to determine, amongst other factors, the gross leasable area (GLA). Three key factors influenced the developer’s choice of the Jabulani site, namely (1) its location and close proximity to busy routes and intersections, (2) the fact that it was council owned land (according to the interviewee), and (3) because the site was vacant.

The municipal official explained their decision to support large scale shopping mall development in Soweto as one of (1) supporting the local retail industry (2) curbing household expenditure on travelling costs (3) and creating an environment conducive for family outings. Upon a questioning of the appropriateness of a shopping mall development for a township, the official responded that the development of the site certainly does not only entail the mall, but various other uses. Furthermore, the development of a mall, which is often regarded as a ‘White suburban’ prototype, was also seen as a means to break the stereotype of townships being inferior settlements and Blacks not aspiring to such life styles.
Initial negotiations between the developer and the municipality mainly revolved around the provision of bulk services. The official thought that the process was nevertheless most interesting, since council discovered at that stage only that much of the Jabulani site already had bulk services lying dormant. Apparently, this bulk was intended for large-scale housing development during the apartheid era, and because there were no proper town planning schemes or any form of integrated planning for townships, the bulk services remained ‘undiscovered’ until recently.

Political factors that typically influence developments like Jabulani Mall include expectations from local people looking for employment and economic opportunities. The developer felt that this actually places pressure on the local municipality to adhere to their political mandate of local economic development. Similarly, the development of Jabulani Mall was influenced by high levels of unemployment in the local area. This placed enormous pressure on the local council to meet local expectations as far as possible, and on the Community Liaisons Officer (CLO) to ensure fairness in awarding contracts and leasing space to local people.

The developer experienced the interaction with the municipality, in particular the regional office in Soweto, as a good one and ascribed it to prior successful collaboration with the municipality on a similar shopping mall development in Soweto. Overall, the interviewee felt that municipalities in general are cooperative and willing to help, and that a common understanding between the developer and the municipality tends to be reached as the process unfolds.

The municipal official felt that communication between all role players and during all phases of a development is critical. Many problems in development projects arise due to a lack of communication, and more specifically, the will, ability, or means to communicate. Development is problematic in nature – one simply has to deal with such problems, whereas communication is critical in this regard.

2.6 Case Study 6: Waterberg Golf and Wildlife Estate

Waterberg is a highly exclusive and upmarket housing, golf and wildlife estate located in the Waterberg mountain range in the Limpopo province. It falls under the Bela Bela Local Municipality in an area that has been identified by the municipality as a major tourism asset. The area, covering approximately 5 200 hectares of “pristine” bushveld, is characterised by scenic landscapes, cultural heritage, and various wildlife species. Waterberg can probably be seen as different to most other golf estates that have recently proliferated in the South African residential market primarily on the basis of its sheer size, the integration between wildlife and recreational spaces, and the offering of an array of housing opportunities. The Waterberg region has been identified by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) as one of the 507 Biosphere Reserve sites in the world. There is currently an attempt to incorporate the development area into this biosphere reserve.

The initial development was to comprise a sectional title scheme around a golf course on a single portion of land. However, when the Department of Water Affairs and Forestry (DWAF) indicated that the portion of land was not sufficient to sustain the water requirements of a golf course, several stakeholders, including prominent golfers, withdrew from the project in fear of being associated with an unsustainable development. Following several informal discussions between various stakeholders, the project was reconceived in terms of a land assembly of a number of farms which then allowed a sufficient water base to support a golf course. Initial discussions with planners led to the drafting of various concept plans considering the project objectives and the local context, whereas the stage was set for a development that would comprise a somewhat uniquely integrated housing, golf and wildlife estate.
It was clear from the outset that the local municipality, bar one qualified engineer on contract, did not have the technical expertise and capacity to process an Ordinance application for a project the size of Waterberg. As such, the municipality actually requested the developer to apply in terms of the DFA so that the necessary expertise could be drawn in during the tribunal processes. A further reason for suggesting the DFA was because the development fell outside the urban edge, whereas the Ordinance is generally used when development falls within the urban edge, even though capacity remains limited. The planner at the municipality furthermore felt that the DFA actually provides “more authenticity” to a development, that it is more rigorous, and that the municipality has sufficient opportunity to comment.

Because the developer chose to submit their application in terms of the DFA, the process was perhaps somewhat different in that most interaction actually took place between the developer and provincial authorities rather than between the developer and municipal authorities. The local municipality basically responded with letters of approval from the offices of the major and the tourism section, whereas inputs from provincial authorities were perhaps more detailed and circumspect.

In developments of the nature and size of Waterberg, there are foremost two key decision making factors, namely (1) current popular trends associated with that particular development concept, especially benchmarks and design precedents in overseas markets, and (2) sufficient market demand. In fact, the developer was quite clear that they would be willing to challenge an uncooperative municipality should one or both of these two factors point towards a profitable development. A developer typically first identifies a gap in the land market, and then only considers the extent to which intended development adheres to municipal policies and plans. The developer acknowledged that they “unfortunately have to” consider the profitability of a development first, but also acknowledged that if

![Proposed development and subdivision plan for part of the Waterberg Golf and Wildlife Estate](image-url)
profitability is established, that they might also consider more normative development criteria in a type of a “creative trade-off” when it comes to decision making.

The planning consultants pointed out to the attorneys on the project that a project the size of Waterberg ought to make a social contribution, since the project has all the facets of wealth and exclusivity, yet the municipality is confronted with a political mandate of equity, redress, and poverty alleviation. An educational trust was suggested, which was approved by the development tribunal. The educational trust will build up from portions of levy contributions by future home owners. The municipality, in terms of their own skills requirements, are to identify talented learners locally, and possibly support such learners to qualify themselves in order to work in the municipality or in Waterberg. The developers will put down a lump sum for the trust, after which the home owners association will manage the trust according to the trust rules. The home owners could for example state certain conditions, like a trainee should for example return and work at the estate.

The national electricity crisis and perhaps fear that the local municipality might not be able to adequately deliver services in future might have played a decisive role in influencing the developers to consider more sustainable forms of energy consumption and sewerage and waist treatment. Apart from alternative forms of energy consumption, sewerage and waist will for example be treated in small scale ‘package plants’ spread across the development. As such, it could perhaps be that these initiatives are actually intended to make Waterberg more independent from municipal services rather than sustainable per se.

Generally, the municipality felt that there was “good faith” between all the parties concerned. The municipality appreciated the fact that the developer first approached them with a presentation of the intended project asking for municipal backing, and that the developer was quite willing to yield to their request for lower residential densities.

2.7 Case Study 7: Heartland – Somerset West Developments

Heartland Properties was established in 1999, when as part of its transformation programme, AECI Limited increased its emphasis on realising value from their existing land. In the Western Cape, Heartland Properties is developing AECI land situated between Somerset West and Strand, in the south western corner of the City of Cape Town Metropolitan Municipality (CCTMM). The intention for this 730 hectare site is to create a discrete ‘new town in town’ which is surrounded by existing agriculture and other forms of green space and which maximises the magnificent natural environment surrounding the area; the agricultural setting, views of the mountains, the vlei’s and the coastline. The philosophy of the professional team working on the planning of the site is to create a “work, live and play” environment.
As a representative of a large land owner, Heartland Properties did not play the role of a conventional developer, but rather acted from the point of view of a large land owner of prime land within the urban edge boundary of the CCTMM and therefore as a meta-developer / land owner. Due to the scale of development and the location and potential of the land, it placed Heartland in a powerful position to negotiate with various levels of government to explore joint possibilities and goals. As a result of a lack of adequate infrastructure and the city’s reluctance to initiate the development of infrastructure in the area, Heartland Properties also had to become involved in the development of bulk infrastructure. It was found that there was a lack of sufficient capacity to deal with future demands for sewerage management and also a lack of access roads to service the Heartland Site. This lead to extensive negotiations between Heartland Properties, and the municipality and the province respectively, which in turn resulted in the establishment of a number of partnerships. In the creation of these partnerships, it was important that there would be a true reflection of need and potential and that the different spheres of government would be consistent in their dealings with competing role-players to ensure fair distribution of costs related to the development of large-scale bulk infrastructure.

There were a number of factors that influenced the land development and governance in relation to the Heartland Site, including political, economic, and social factors. According to the developer, good governance implies that there will be good policy frameworks that could be used to measure progress against. However, it is not always clear from the existing frameworks what the goals of the municipality are and how this should be achieved. This also includes the Integrated Development Plan (IDP) and SDF. While the expectation is there, it is not defined. Policy will only be taken seriously if it is supported by a logical process and remains stable and consistent. Secondly, politicians often tend to think reactively and are therefore not always open to explore creative possibilities in a pro-active manner.

The economic factors that influenced the land development and governance related to the ownership of the land, market value of the land, land costs and the reaction of the market. The business model primarily centres on ‘making money’, which translated in a need to provide surplus capacity related to infrastructure in the area. Linked to this and to the reaction of the market, one of the key short term objectives of Heartland Properties is to offer to people what they are willing to pay for now and over the longer term, to shape the market. Consequently, a large emphasis is also placed on the creation of a quality environment in an attempt to shape the market in the future.

The social factors that influenced the land development and governance in relation to the Heartland site, related to skills shortages and a lack of experience in local government. It was however conceded that a great deal depends on the regulations and nature of policy from government. The nature of the relationship between the developer and the municipality altered between two types:
• **Pro-active:** The first was a pro-active relationship between two groups or people knowing each other and considering creative possibilities for partnerships that could benefit both parties and future uses/beneficiaries.

• **Opportunistic:** The second was based on opportunistic meetings where parties happened to discover an opportunity to work together.

### 2.8 Case Study 8: Royal Bafokeng Stadium Precinct

The development was initiated on the land belonging to the Royal Bafokeng Nation (RBN), one of the richest indigenous tribes in the world – a status it gained through obtaining a share in the profit gained from platinum mining in the area. Hence, no company is involved in this development. Given that the Royal Bafokeng Administration is the driver of the development, some information needs to be provided on the Administration. The Administration was set up about roughly a decade ago to assist the King in the administration of the tribal area of approximately 1 200 m², deal with developmental issues and respond to the needs of the people. The Administration now numbers approximately 400 officials and is seated in the RBN’s capital, the village of Phokeng.

The Royal Bafokeng Soccer Stadium Precinct Project is located in Phokeng, which is one of 27 villages in the tribal area, and has a population of approximately 45 000 people. The Soccer Stadium Precinct Project is not a stand-alone project, but instead forms part of the “Royal Bafokeng Nation Masterplan 2035” for the full tribal area. The plan seeks to cater for this growth through a radical diversification of the economy from the current focus on platinum mining. The plan, prepared for the RBN by a Singaporean firm called “Surbana Corporation Pte Ltd”, makes provision for (1) a wide range of new economic activities (manufacturing, tourism, retail, education and hotels), (2) a range of housing types and (3) social facilities, with (4) the necessary infrastructure investments to make this possible. The envisaged end-state in 2035 is a “self-sufficient community” in which “vibrant communities celebrate lives”. The Stadium Precinct Plan is part of this plan, with its roots lying in the Royal Bafokeng Stadium being chosen to be one of the FIFA 2010 Soccer World Cup Stadiums.

The Town Planning Scheme of the Rustenburg Local Municipality covers the Royal Bafokeng Tribal Area. As such it falls within the area of jurisdiction of the Rustenburg Land Use Management System. In terms of this system an urban fringe is drawn around each village. For applications that fall within the fringe, no town planning application or EIA is required; the Rustenburg Local Municipality is merely alerted to the change in land use. For applications that fall outside the fringe a standard rezoning application and EIA is required. The strategic planning of the RBN and the Rustenburg Local
Municipality is done in collaboration with each other. The RBN Masterplan was for instance incorporated in the SDF for the municipality.

While an application for a particular land use change in a village that falls inside the fringe does not require a rezoning application and EIA, a whole different indigenous process is set in motion when a person for instance wants to start a business. In the process both the RBN Administration, the Kgosi and the headmen/chiefs/Kgotlas play a key role, considering applications as submitted. Permissions to Occupy (PTOs) are attended to by both the Administration and the Kgotlas. When granted a PTO the recipient has to sign a letter that he will not sublet the property. In the case of the redevelopment around the stadium no new submissions for development rights were required, but an EIA was required due to the size and potential impacts of the development.

Being a component of this plan, the Stadium Precinct Plan can be essentially seen as located in the same ethos as the RBN Masterplan 2035:

- From a social perspective the whole Masterplan is an attempt at improving the lives and living chances of the Royal Bafokeng Nation over the long term. The Precinct project sits squarely in this objective as well.
- The Masterplan was also prepared with a strong emphasis on environmental sustainability. This is not only for ecological reasons, but a large part of the proposals for the future development and use/enjoyment of the area are based on eco-tourism.
- From an economic angle, the project sought to ensure maximum economic opportunities for the Royal Bafokeng Nation, with the economic hub to be developed around the stadium as an investment in the future of the nation as a whole.
- Politically the Masterplan is also seen as a way of ensuring the survival and independence of the Royal Bafokeng Nation. While this is important for the people, it is of course equally important for the King of the Nation.

The Manager of the Physical Planning Department and the Chief Town Planner in the Rustenburg Local Municipality get on well. This in general results in a very constructive process between the two. The relationship is built on simple principle – the two role players respect each other.

### 2.9 Case Study 9: Platinum City Theme Park

This development represents an attempt at extending the (economic) life of Rustenburg beyond the current platinum boom. The space for such a development was born in a twinning agreement between the province of Manitoba in Canada and the Northwest Province. This relationship was born in the shared focus on both provinces on mining as areas of economic activity. Mining theme parks are apparently a way of extending the economic life of mining towns in Canada.

The current proposals are for a hotel and theme park development centred on platinum, with accommodation, conference and retail facilities that are set to create a unique entertainment, education, sport and leisure facility. In more detail the project will include:

- A 60-room hotel;
- A conference facility with seats for 200 delegates;
- Shopping and office floor space of 6 000m²;
- A special events hall of 4 000m²;
- A mining museum; and
- A parking space for 950 cars.
While offering a diverse visitor-experience, the common theme of platinum will draw all these divergent strands of activity and focus together again. It is envisaged that the project will not only draw local visitors, but also become an international tourist attraction. With this in mind, there is a strong push to see the initial phase of the multi-phased development (at a cost R750-million and covering an area of nearly 14 hectares) completed before the 2010 FIFA Soccer World Cup.

The town planning application for the development has as yet not been submitted. This was, according to the developer, largely due to (1) the municipality having experienced some internal conflict, (2) the municipality simply being unaccustomed to such huge investments and not being able to fathom it or know how to respond/act in such a case, and also fearing the risks that go with it, and (3) a lack of clarity being provided by Treasury to assist the municipality in this endeavour. According to a representative from the developer, the project has been given the thumbs up in a financial viability study and is on the brink of getting the green light. A key component of the legal agreement that will be drawn up by the municipality and the developer is in all likelihood a 60-year lease of the municipal land.

The key drivers in the development are maximum economic benefit for the people of Rustenburg, but also for the wider regional economy, and of course a return on investment for the private sector firm Archway Projects.

On a secondary level, it also has a more local, spatial restructuring function. In terms of its exact location, it is according to the chief town planner in the municipality situated in the part of the city furthest away from the N4 highway that has, despite the recent wave of economic development in the city, not managed to attract any significant private sector investment. As such it is envisaged that it will serve a local spatial restructuring function, acting as a node for more property and economic development in an area sidelined by the market. It will also reduce the need for the local community to travel to retail and entertainment facilities on the other side of town.

With this spatial restructuring objective in mind, it is envisaged that it will be able to draw together other activities in the area (i.e. the Olympia Part Stadium and the Rustenburg Golf Course) and bind them together in a tight package and achieve the necessary critical mass to become an attractor for further development in the region and the country. The developer also indicated that they wished to include these existing developments as part of or as extensions of the theme park. In this way the Platinum City Theme Park will also contribute to the greater use and enjoyment of these facilities.

According to the chief town planner the project was also seen as a way of doing in-fill development in accordance with government policy in a way that not only meant more houses, but that actually expanded the tax base of the municipality and created a sustainable and growing source of wealth for the future. As noted by the planner, municipal-owned land that lies fallow cannot be justified when there are economic opportunities available.

In terms of environmental considerations, the concept itself expresses a preference for a more sustainable form of economic development in the area, in contrast to the current mining development in
the area that will come to an end within the next twenty to thirty years, and is clearly not in the best interest of the environment.

2.10 Case Study 10: Umhlanga Ridgeside Development

Formerly known as the Umhlanga Triangle Hilltop town, the Umhlanga Ridgeside Development builds upon the consolidated node of the Umhlanga Ridge Town Centre and fosters the creation of an entertainment-, office- and residential node that would be diverse, integrated and people centred. Due to its location, this piece of land was held back strategically from the property market by Tongaat-Hulett Developments until such a time they felt it was best to develop is the site. This development seeks to join the surrounding area through the creation of a system of places connecting the ridge to the sea, in a unique coastal setting taking advantage of extended sea and forest views.

The Umhlanga Ridgeside development process was initiated in 2004. Tongaat-Hulett Developments commissioned an EIA process as the first step towards the development of the site. During the process of commenting on the EIA, the strategic planning unit of the eThekwini Metropolitan Municipality requested Tongaat-Hulett Developments to prepare a development framework. Through negotiations between the metropolitan municipality and the developer, most concerns raised by the municipality were addressed by the developer.

The municipality and Tongaat-Hulett Developments established a committee to fast track land development applications of Tongaat-Hulett Developments as a major land owner and stakeholder in land development in the municipality. This committee is known as the Tongaat-Hulett Liaison Committee. The committee meets every three weeks. It is attended mainly by municipal planners, traffic officials and any other municipal representative that would have an interest in the issues stated on the agenda for the day of the meeting. The Tongaat-Hulett Liaison Committee discusses all bottlenecks, the progress made to date on all the developments of Tongaat-Hulett Developments, find ways of addressing any issues relating to land development processes of Tongaat-Hulett developments, such as rezoning, consent use and subdivision applications, building plans, framework plans, EIAs, and assist in fast tracking the land development applications of Tongaat-Hulett Developments. This committee benefits both the municipality and the developer due to the fact that the developer does not have to follow the normal land development processes of the municipality, while the municipality can interact and provide the developer with feedback and raise any issues they have on all their development applications.

According to the municipality, there is a natural and inherent tendency of conflicting/different priorities and interests between developers and municipalities. The municipality believes that generally local government is looking out for public interest particularly the poor while the developers are looking out for private interests and making a profit. It is the perception and experience of the city that developers will/should take responsibility in ensuring the realisation of their development priorities. The city in turn
will pursue their mandate which is developmental local government rather than upmarket developments. The ability of the two divergent orientations to co-exist raises a vibrant relationship that is described by the city as a “negotiatory” relationship. In this dynamism there are underlying forces of understanding long-term interests that both the city and the developer never lose sight of. From the city’s perspective, there seems to be a willingness to allow creative ways of engaging the developer to the extent that they can and while the developer shows the willingness to respond to government’s transformation imperatives.

According to the developer, from a political point of view all development applications submitted on behalf of developers are evaluated amongst other factors, against the extent to which the developers have contributed to their communities and the extent to which they have transformed. The details of the applications are often not important, what becomes important during the evaluation process of the application is whether the developer has made any social development contribution/upliftment to communities or not. According to the developer, the city planners are instructed to respond to bigger applications in specific ways.

The relationship that Tongaat-Hulett currently has with the metro needs to be understood within a context whereby Tongaat-Hulett had to undergo a mind-shift from being the only major player in a small under-capacitated local municipality to being one of many players within a metropolitan municipality that articulates its needs and expectations within a broader development imperative. In the small northern local municipality, Tongaat-Hulett was perceived as a big player that could add value, serve as a major source of revenue generation for the municipality and a major force that drives economic growth. Now Tongaat-Hulett has to work within the broad development agenda that is set by the eThekwini Metropolitan Municipality.

Generally, Tongaat-Hulett enjoys a good relationship with the municipality. Despite this positive relationship, there is a view that Tongaat-Hulett should not have all the land it has and that they should make a bigger contribution from a social point of view, i.e. making a bigger contribution to the local communities than they have done so far, especially in terms of transformation and empowerment. The company only transformed last year. Prior to this, government was frustrated due to the fact that they perceived Tongaat-Hulett Developments as the company that expects them (local government) to give while they (Tongaat-Hulett) were not responding favourably to the transformation agenda of government.

According to the city, the manner in which the city interacts with Tongaat-Hulett seems to be informed by two main factors. Thee one is the large amount of land that the developer owns and the other is the long-term orientation of the developer. While these factors form a base upon which the city engages the developer on land development processes and issues, they also lead to long-term interests that both parties have in mind which in turn serves as a trigger for interaction with a long-term focus in mind.
Prior to the presentation of case study findings, a brief contextualisation of the South African urban development landscape is first presented by looking at recent trends in private sector development.

Recent trends in development and construction from Statistics South Africa’s (2002 – 2007) publications on building statistics can be summarised broadly by looking at the square metre and value of residential and non-residential developments, as well as additions and alterations for three selected cities, namely Buffalo City (East London), Cape Town and Johannesburg. Buffalo City represents a secondary city in a relatively poor province that has experienced lower population growth compared to other cities in the South African Cities Network (SACN), i.e., the nine largest and most important cities in South Africa from a population and economic point of view. Cape Town represents a major coastal metro that has become known for its strong growth in the residential property market, whereas Johannesburg represents a major inland metro with the strongest economy in the country. Data on square metres and value of completed residential and non-residential developments as well as additions and alterations between 2002 and 2007 are illustrated for each of the three cities.

Figure 1: Total square metres of completed developments in Buffalo City (East London)

Figure 2: Total value of completed developments in Buffalo City (East London)
The data suggests that development, in terms of construction, increased significantly since 2002, but is now slowing down, at least in the three cities represented above. Furthermore, development trends are quite different across each of the three cities, meaning that urban land development is subject to location and the operation of local land markets and other city characteristics. Additions and alterations to existing developments played a much bigger role in Buffalo City, whereas residential developments played a bigger role in Cape Town and Johannesburg, which is indicative of high urbanisation rates and demand for housing in these two cities. Overall, there has been a general increase in the size and value of developments over the last six years, particularly in Cape Town and Johannesburg.

In Buffalo City, the size and value of developments peaked around 2005 and 2006, but showed some decline in 2007. What is remarkable in Cape Town, is that the amount of development has edged off over the last three years (except for non-residential buildings), but that the value of all three development types have kept on increasing quite significantly. This suggests that the value of development in Cape Town was strongly influenced by increases in land value amongst other possible factors. Both the size and value of developments in Johannesburg have decreased slightly over the last year or so. Overall, there appeared to be a relatively close correlation between the amount and value of development in Johannesburg.

A closer examination of data on the size and value of development across all of the SACN cities, including, Buffalo City (East London), Cape Town, Ekurhuleni (East Rand), Ethekwini (Durban), Johannesburg, Mangaung (Bloemfontein), Msunduzi (Pietermaritzburg), Nelson Mandela (Port Elizabeth) and Tshwane (Pretoria), suggests that development is largely associated with metropolitan areas, i.e., urban areas with high population growth rates and stronger economies. In fact, the value of completed building in 2007 in the six metropolitan municipalities accounted R32 521 million or 70.1% of total value of completed buildings in the country. Cape Town had the highest percentage share of total value of completed buildings (19.0%), followed by Johannesburg (15.8%) and Tshwane (Pretoria) (13.4%) (Statistics South Africa, 2007: vii).
4 FINDINGS: EMERGING ISSUES, THEMES AND PATTERNS

4.1 Typology of developers, developments, and factors determining types of development

There are many different types of developers. Those who have a significant impact on urban land development tend to be larger development and construction companies or a consortium of companies. Small-scale individual builders commonly referred to as “bakkie” builders and private households doing alterations and extensions were omitted for the purposes of this study. Two case studies are presented in which the development company is a subsidiary of a larger company that has been set up to develop and manage large pieces of land belonging to the larger company. Generally, companies, or consortiums of companies are strategically set up in response to a particular niche market or market segment.

Developers define themselves as agents who act as a “turn key” in land development. Developers are entrepreneurs who study the property market carefully, and then, based on the property cycle, acquire land and develop it with a specific “final product” in mind. “Types of development” are simply seen as being residential, office, retail, industrial, mixed-use, etc. Even though the type of developer is likely to determine the kind of development, a range of factors, associated with the business model of a particular development company, is also likely to determine the type of development. A rough typology of developers, developments, and factors determining types of developments, as generally referred to by developers themselves, is outlined below.

- Types of developers:
  - Large companies (Large companies acting as “asset managers” focusing on large scale commercial developments, e.g., Old Mutual)
  - Listed companies (Construction companies listed on the JSE)
  - Private companies (Private companies that consist of developers and/or construction; accessing a range of possible funds, e.g., own funds, bank funds, listed company funds, etc.)
  - Small companies (Individuals or small businesses involved in ad hoc construction and development)

- Types of development:
  - Type of development
    - Residential
      - Public housing
      - Private housing
    - Commercial
      - Industrial
      - Retail (Highly specialised)
      - Office
    - Mixed land use

- Factors determining types of development
  - Financing options (e.g., foreign funds, bank funds, listed and asset companies)
  - Financing models (e.g., “gearing”)
  - Market conditions (e.g., whether the market is in a residential phase, industrial phase, etc.)
The types of developers covered in the case studies are mostly large and private development companies, whereas various types of developments and combinations of types of developments are covered by the case studies. The case studies furthermore depict how the different factors determining types of development also played a role in the conceptualisation of the different types of developments covered by the case studies, particularly the factor of market forces. Although some interviewers made it clear that financing options and models are also important factors, interviewees were generally silent on how exactly these factors determined their choices of types of developments as these are generally regarded as trade secrets in a highly competitive environment.

4.2 Legal processes followed in applying for development rights

The two legal instruments that are primarily used in the property development process in South Africa include: (1) the four former town-planning and township establishment-Ordinances\(^1\) and (2) the Development Facilitation Act, 1995 (DFA). These of course are in addition to a multitude of Acts and Ordinances inherited from the country’s apartheid past that in some or other way regulate aspects of the land use and land development environment in the country.\(^2\) These two legal instruments fall out into two distinct “routes” for developers. The Ordinance-route typically involves the submission of applications for rezoning or “township establishment” with a municipality, and the processing of the application by the institution. The DFA-route involves the application being submitted with the provincial government, and the municipality “being relegated” to merely another role-player in the process. While one of the reasons for introducing the DFA was to fast-track low income development in the country, this has not always proven to be the case.

This is largely due to DFA-applications also having to go through the same level of bureaucracy, sometimes even more, due (1) to some players in the provincial sphere, notably the departments concerned with the environment, delaying decision-making processes, and (2) to municipalities delaying applications submitted in terms of the DFA on purpose. This could either be to spite developers and/or to frustrate them into using the Ordinance-route ‘next time’, or to exact service contributions from developers for development that is not in step (in the place) with the plans and objectives of the municipality, and for which it did not plan in terms of infrastructure investment/upgrading.

At the same time the DFA has sometimes not been used to fast-track development, but rather to sidestep municipal decision-makers. By the same token the DFA is sometimes avoided and the municipal-based Ordinance route chosen, as developers are familiar with (1) council employees and know what is expected, and (2) how applications have to be submitted to improve the chance of a positive response on an application. In addition to this, the 1995-DFA predating the 1996-Constitution in which the municipal tier was transformed into a full sphere of government, has been described as frustrating the ability of municipalities to govern their activities in their areas of jurisdiction.

The Ordinances, on the other hand, are regarded by many as a hangover from the apartheid era, which detracts from their use. They are, however, regarded as a practical choice, as there still are many

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\(^1\) These range from the former Orange Free State and Natal Ordinances dating back to the late 1940s and the more recent 1985-Cape Province and 1986-Transvaal Ordinances.

planners who are very familiar with them and know how to use them. There is a strong view amongst many planners that the old Ordinances, which only served former white areas, should have been abolished long ago and replaced with post-apartheid legislation that was (1) developed for a post-apartheid developmental policy environment and (2) that covered all of South Africa. Part of this view is that, although the Ordinances had no racial references, using Ordinances results in a feeling that apartheid legislation is being maintained.

Table 3 below provides an indication of the legal process chosen in applying for development rights in each of the case studies and the reason for choosing a particular process.

<table>
<thead>
<tr>
<th>Case study</th>
<th>Development Facilitation Act</th>
<th>Former Provincial Ordinance</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feather Wood Estate</td>
<td>✓</td>
<td></td>
<td>Existing application that was taken over by the developer.</td>
</tr>
<tr>
<td>Kingswood Retirement Village</td>
<td>✓</td>
<td>✓</td>
<td>Tshwane able to process applications faster than DFA-route.</td>
</tr>
<tr>
<td>Cosmo City</td>
<td>✓</td>
<td></td>
<td>Municipality wanted to retain control of application.</td>
</tr>
<tr>
<td>Westonaria South</td>
<td></td>
<td>✓</td>
<td>Ordinance allows developer to retain contact with officials dealing with the application. Networks have also been established between officials in the municipality and consultants used by the developer that can be used in the case of the Ordinance-route.</td>
</tr>
<tr>
<td>Jabulani Mall, Soweto</td>
<td></td>
<td>✓</td>
<td>It is assumed that the developer did not foresee any difficulties in submitting in terms of the Ordinance.</td>
</tr>
<tr>
<td>Waterberg Golf and Wildlife Estate</td>
<td>✓</td>
<td></td>
<td>Local municipality lacked capacity to process a large application outside their urban edge in terms of the Ordinance.</td>
</tr>
<tr>
<td>Heartland, Somerset West Developments</td>
<td>✓</td>
<td></td>
<td>The DFA does not apply in the Western Cape.</td>
</tr>
<tr>
<td>Stadium Precinct Upgrading</td>
<td>N/A</td>
<td></td>
<td>The development is on land owned by the Royal Bafokeng Nation.</td>
</tr>
<tr>
<td>Platinum City</td>
<td>No indication given as yet</td>
<td></td>
<td>Given that the Rustenburg Local Municipality is a partner it will in all likelihood be the Ordinance-route.</td>
</tr>
<tr>
<td>Umhlanga Ridgeside Development</td>
<td>✓</td>
<td></td>
<td>The municipality objects to all DFA applications in an attempt to maintain control over developments.</td>
</tr>
</tbody>
</table>

From the cases, it emerged that land development is a highly specialised, procedural and technical activity within both the private and public sector. Deciding whether to submit land development applications via the provincial ordinances or the DFA is pivotal in terms of what, how, when and where development will take place.

It was suggested during the interviews that the DFA is more expensive, and is typically used for bigger applications, as this then warrants the higher cost. This is, however, not a given, as it was argued that in some provinces and municipalities either the DFA or Ordinance is preferred by developers. The DFA sometimes seems to offer a quicker route, as it sidesteps local dynamics and public opposition to applications. It is, however, unclear whether developers seek to sidestep municipalities and hence opt for the DFA-route.

Sometimes it is also simply a practical consideration in opting for one or the other process. Where municipalities are severely lacking in capacity, both the developer and the municipality actually prefer to follow the DFA so that the necessary expertise can be drawn in during tribunal processes. Larger metros tend to appose the DFA quite strongly because of wanting to maintain control over development in the metro.
However, it should be noted that it is not so much a case of a void between the processes as stipulated in legislation and practice with regards to land development, as these are legally governed and administered accordingly, but rather that there exists (1) a gap between what is envisaged in legislation and the practice of land development processes, and (2) a lack of integration between different pieces of legislation and policy. So for instance the notion of developmental local government is being frustrated by the option of sidestepping the municipality, as provided for in the DFA. While a municipality may plan for development in one area and intend to invest its scarce infrastructure in support of this development in that area, the market may decide differently and be legally allowed to so by the applicant utilising the DFA. In addition to this, a municipality is legally weak in terms of forcing development into certain areas and out of others. Furthermore, with developers having more than one option as to where and in which sector to invest, they are far more flexible in terms of where and what they want to invest in, whereas this may not necessarily agree with ‘post-apartheid restructuring’. On the other side, municipalities cannot be as inflexible as the ‘theory’ of post-apartheid restructuring would suggest, as they are often ‘hard-up’ for investment. This simply means that the aims of post-apartheid reconstruction are hard to achieve.

4.3 Main challenges in the development process

The challenges experienced by developers and municipalities are summarised in Tables 4 and 5 below.

Table 4: Challenges experienced by developers

<table>
<thead>
<tr>
<th>Case study</th>
<th>Challenges experienced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lack of capacity</td>
</tr>
<tr>
<td>Feather Wood Estate</td>
<td>✓</td>
</tr>
<tr>
<td>Kingswood Retirement Village</td>
<td>✓</td>
</tr>
<tr>
<td>Cosmo City</td>
<td>✓</td>
</tr>
<tr>
<td>Westonaria South</td>
<td>✓</td>
</tr>
<tr>
<td>Jabulani Mall, Soweto</td>
<td>✓</td>
</tr>
<tr>
<td>Waterberg Golf and Wildlife Estate</td>
<td>✓</td>
</tr>
<tr>
<td>Heartland, Somerset West</td>
<td>✓</td>
</tr>
<tr>
<td>Developments</td>
<td>✓</td>
</tr>
<tr>
<td>Stadium Precinct Upgrading</td>
<td></td>
</tr>
<tr>
<td>Platinum City</td>
<td>✓</td>
</tr>
<tr>
<td>Umhlanga Ridgside Development</td>
<td>✓</td>
</tr>
</tbody>
</table>

Bureaucratic delays and rising municipal infrastructure-investment costs are arguably the biggest challenge for developers since these have serious cost implications in terms of holding costs and getting units onto the property market. Generally, developers do not seem to mind administrative processes and consider them a necessary component of the broader development process. However, they do seem to feel that municipalities do not process applications at the speed that they could, and this delay is sometimes even deliberate.

Developers often cite lack of capacity, and sometimes even gross incompetence, on the side of municipalities. This is especially the case with many of the smaller more rural municipalities, of which there are some that have become notorious for their lack of capacity, incompetence, and accusations of blatant corruption in some cases. In other cases, smaller municipalities with competent officials, one
example being Rustenburg Local Municipality featured in the Stadium Precinct Upgrading case study, were singled out as highly effective at getting applications processed. In addition to this it emerged that even in the metros issues of capacity sometimes pose a challenge to developers.

The plethora of planning policies and frameworks in some municipalities, and the inability of municipalities to prepare these documents in a consistent manner and to harmonise and coordinate them, is sometimes seen by developers as a challenge. This appeared to be especially the case where there are transfers of political power in municipalities, resulting in either dismissals or mass-out-movements of officials associated with the previous leadership, taking with them institutional memory and a wherewithal about the particular municipality. This is further aggravated if the “goal posts” for development within the municipality are continuously shifted, or if planning terminology is jargoned, vague, or open to interpretation. Developers do not seem to mind to work with the confines of municipal planning policies and frameworks, but then “the rules of the game should not be changed all time”. Simply put, developers sometimes experience a sense of uncertainty in the part of the development process that involves the municipality.

The point above was particularly pronounced in the Heartland case study in the City of Cape Town. According to the developer, good governance implies that there will be good policy frameworks that could be used to measure progress against. However, it is not always clear from the existing frameworks what the goals of the municipality are and how this should be achieved. This also includes the IDP and SDF. While the expectation is there, it is not defined. For example, there is not a clear and consistent idea about economic growth and no macro-economic growth strategy to support this. As the development of and investment of infrastructure is so closely linked to economic growth, it is often difficult to know how this will be interpreted by the municipality. This also refers to for example the relationship between densification and economic benefit. As a result, there is a general disregard for policy from the private sector in the City of Cape Town. Policy will only be taken seriously if it is supported by a logical process and remains stable and consistent. Currently the policy is considered as relative. For example, the urban edge is indicated by both a solid and dotted line. The dotted line represents areas where the urban edge could be relaxed. This in turns raises questions about the validity of the so-called urban edge and whether it should be taken seriously at all. It also sends mixed signals about the intention of the municipality and the implications of their regulations or the “rules of the game”. By constantly changing these rules, it takes away their power of negotiation, leaving them “without teeth”. This issue also relates to the time it takes to consider applications and whether the same rules are applied over time to all the developers. In addition, there is an inconsistent relation between the political structure and the officials, which results in several voices coming from the side of the municipality.

“The city lacks the means of providing a single coordinated strategic decision and voice” – Developer
Table 5: Challenges experienced by officials

<table>
<thead>
<tr>
<th>Case study</th>
<th>Challenges experienced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lack of capacity</td>
</tr>
<tr>
<td>Feather Wood Estate</td>
<td>✓</td>
</tr>
<tr>
<td>Kingswood Retirement Village</td>
<td></td>
</tr>
<tr>
<td>Cosmo City</td>
<td>✓</td>
</tr>
<tr>
<td>Westonana South</td>
<td>✓</td>
</tr>
<tr>
<td>Jabulani Mall, Soweto</td>
<td></td>
</tr>
<tr>
<td>Waterberg Golf and Wildlife Estate</td>
<td>✓</td>
</tr>
<tr>
<td>Heartland, Somerset West Developments</td>
<td></td>
</tr>
<tr>
<td>Stadium Precinct Upgrading</td>
<td>✓</td>
</tr>
<tr>
<td>Platinum City</td>
<td>✓</td>
</tr>
<tr>
<td>Umhlanga Ridgeside Development</td>
<td>✓</td>
</tr>
</tbody>
</table>

Officials often cite lack of capacity, experience, and skills within their own institutions as a challenge in terms of fulfilling their roles. The nature of their work, being to administrate, also leaves them limited scope to go beyond administration and become actively involved in “the planning thinking” behind a project. Internal politics, such as disjuncture between council decisions and the technical considerations that officials within planning departments have to deal with also poses challenges. Many competent and experienced planners and planning technicians, as well as other professionals such as engineers, have left municipalities due to a range of factors, including lucrative job opportunities in the private sector, emigration, lack of promotional opportunities within municipalities, turf and ego battles, etc.

Due to the developmental mandate of local government, municipalities are often faced with unrealistic expectations, especially from poorer communities. The public is often unaware of the time scale involved in development processes and tends to want to see immediate results. In some cases, the appointment of a community liaisons officer to deal with community issues on a full time basis has been crucial. Generally, officials feel that many of the challenges facing them can be addressed by greater consideration for and communication with all the role-players involved.

“If both parties have the right attitude, then there shouldn’t be a problem with urban land development in the country” – Municipal official

“Communication between all role players and during all phases of a development is critical” – Municipal official

4.4 Private-public collaboration in development processes

At least four of the case studies suggested substantial collaboration of this nature. This seems to be a growing trend, with capacity and funding constraints becoming an increasing challenge for all parties concerned.

“The last thing you want to do in a case like this is go on some sort of power trip. You don’t do a massive job like this by yourself. You need a team of experts.” – Municipal official
In the case of Cosmo City for example, private developers formed a development company that included equity partners. The company responded to a call by the City of Johannesburg Metropolitan Municipality to develop an inclusionary housing project. Although there were massive delays due to lengthy public participation and EIA processes, the development company did not suffer heavy holding costs typically associated with market related developments since the land was owned by the municipality. What was furthermore important was that the project was at the outset conceptualised to deliver on a number of political and economic objectives, all of which were achieved in the final development. The municipality for example wanted to see a number of planning and sustainability issues addressed while the developer wanted to make sure that the development would be profitable. Also important was the relationship between the key public and private sector role players. The private sector role players were very impressed by the leadership and project management style of role players in the public sector, whereas public sector role players appreciated the fact that profit was not the only motive of the private sector role players. This was a case where private sector role players, although mindful of profits, were able to also recognise the objectives of the public sector.

In the case of Westonaria South, the owner of the property recognised the need to relocate the Bekkersdal community from a sinkhole-prone dolomite area proposed the development of a fully integrated neighbourhood on his property along the lines of the new BNG policy. Because the developer was also the owner of the property, holding costs were not an issue, and it also indicated some commitment from the side of the private developer. The municipality, luckily seeing the opportunity to put BNG policies into practice, equally responded favourably resulting in discussions with the Gauteng Department of Housing.

In the case of Heartland, it was found that there was a lack of sufficient capacity to deal with future demands for sewerage management and also a lack of access roads to service the Heartland Site. This lead to extensive negotiations between Heartland Properties, and the municipality and the province respectively, which in turn resulted in the establishment of a number of partnerships. Two significant public-private partnerships stood out. The first partnership was created to establish a large sewage pump station and pipelines on the Heartland site to the value of about R120 million. Based on a feasibility study commissioned by Heartland Properties, the company was able to convince the City of Cape Town of the necessity for the new bulk infrastructure, after which they entered into a 80/20 partnership in which the City will be responsible for 80% of the costs based on the future use of the sewerage system. The second partnership with the Western Cape Province related to the development of a new regional intersection on the N2 to provide access into the Heartland site to the south and into Somerset West to the north. In this case the Province will be responsible for 20% of the costs and Heartland Properties for 80%. In the creation of these partnerships, it was important that there would be a true reflection of need and potential and that the different spheres of government would be consistent in their dealings with competing role-players to ensure fair distribution of costs related to the development of large scale infrastructure.

“It is easy to create partnerships if there is a realisation of need and potential” – Municipal official

4.5 Discussions and negotiations in development applications

A number of case studies revealed substantial initial discussions between developers and municipalities prior to development processes. Sometimes these can go on for as long as the actual processing of the application does. Developers would sometimes approach municipalities with presentations, or they would be invited to make bids or do presentations as part of a process whereby proposals are
considered. Initial discussions can also be more formal, such as where the preparation of EIAs and development frameworks serve as a basis for engagement.

Negotiations, in terms of actual exchanges between developers and municipalities, are mostly limited to issues around the provision of bulk services. Developers seem to give way here easier since they are eager to start building and will often then install whatever bulk services are still required. Although developers see this as costly, the turnover associated with urban land development, especially larger projects, and the subsequent reduction in holding costs, far outweighs such costs.

4.6 Incentives, contributions, gifts and favours

"Deal-making" between developers and municipalities, in the negative, corrupt sense, is most certainly not a given in land development in South Africa. If it does happen, it tends to happen ad hoc at a level far above the municipal town planning officials who process such applications, and at times and in places far removed from an identifiable phase in the development process. As such, and also due to the nature and extent of this research, the case studies included here did not enable any identification of any form of untoward conduct in development processes – whether such untoward forms of conduct existed or not. However, some of the cases suggested that the land development sector does, however, create a significant space for tokens or favours to be exchanged between role-players, whether legitimate or not, but usually this is seen as “acceptable”.

4.7 Factors considered by developers in conceptualising a development proposal

Table 6 on the next page provides an indication of such factors in each of the cases.

Table 6: Factors considered by developers in conceptualising a development proposal

<table>
<thead>
<tr>
<th>Case study</th>
<th>Geo-technical conditions</th>
<th>Community benefit</th>
<th>Profit for developer (financial viability)</th>
<th>Environmental considerations (sustainability)</th>
<th>Municipal development objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weak driver</td>
<td>Strong driver</td>
<td>Weak driver</td>
<td>Strong driver</td>
<td>Weak driver</td>
</tr>
<tr>
<td>Feather Wood Estate</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Kingswood Retirement Village</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Cosmo City</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Westnaria South</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Jabulani Mall, Soweto</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Waterberg Golf and Wildlife Estate</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Heartland, Somerset West Developments</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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</tr>
<tr>
<td>Stadium Precinct Upgrading</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Platinum City</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Umhlanga Ridgeside Development</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>
“We have to consider the profitability of a development first. Once profitability has been established, we can look at more normative development in a kind of creative trade-off with the profitable part of the development” – Developer

Profitability clearly remains the most important factor for developers in the conceptualisation of a land development proposal. Environmental considerations also emerged strongly, but this is largely because EIAs require larger developments to take greater cognisance of environmental sustainability. However, a framework that would equally assess the economic and social sustainability of projects is still lacking in South Africa, and was suggested by some interviewees as crucial for the future. In cases where community and municipal considerations emerged as strong drivers, this tended to be in larger municipalities where the municipality played an active role from the outset.

4.8 Factors considered by the Municipal Council/Tribunal in evaluating a development proposal/application

Usually municipalities tend to consider their own planning policies and frameworks as their main points of reference. However, the extent to which this would suggest a system that is policy/plan-driven and not just a formality where supporting documents are merely referenced, is debatable. Furthermore, the complexity of some developments, especially the larger ones where development companies have been set up, require of developers to draw up their own policies and frameworks, which may or may not correspond with municipal documents. In such cases, it is perhaps not that clear whether developments are policy/plan driven or discretionary.

There is also an increasing trend towards considering social and community aspects due to the developmental mandate of local government and community expectations, especially in poorer areas. Due to the bureaucratic aspect associated with administrative organisations, certain officials sometimes have a narrow or technical view of land development applications and in the process fail to consider the broader economic implications of the development for their town/city.

“There is a lot more negotiation than a normal planning process provides for… We can say to them ‘if these upgrades don’t happen, the development cannot proceed, so how can you come to the party?’” – Municipal official

4.9 Perceptions of the interface/interactions in the development process

4.9.1 Developers’ perceptions of officials

“If the rules are clear, there are good social relationships” - Developer

Developers’ initial perceptions of municipalities and other government institutions and officials usually tend to be negative at first. However, upon scrutiny and a consideration of the context of governance, developers would tone down their negativity, but will essentially remain negative. It would seem that developers’ strongest negative perceptions revolve around lack of skills and capacity in municipalities and an innate belief that municipalities are opposed to developers and the free market, with little consideration for the fact that “good property development” creates wealth for municipalities in the form of taxes and jobs. It is in this space that consulting town planners are very useful in communicating between developers and municipalities and in shaping perceptions of one another.
4.9.2 Officials' perceptions of developers

Municipal officials still have a view of developers as unscrupulous profit seekers with little regard for social and environmental considerations.

“Times have changed a lot. Nowadays developers just seem to be in it for the money, and will do anything, including going to mayoral level, to get political backing for their development.” – Municipal official

However, this is not always the case. Some officials have expressed positive perceptions of some developers. Once again, the role of the consulting planner is crucial in shaping officials' perceptions of developers.

4.9.3 Officials' perceptions of government structures and of other officials

Municipal officials are the first to know and experience the lack of capacity and skills in organs of state. Skilled officials with experience increasingly become frustrated with their institutions and colleagues and leave these institutions for either the private sector or a position in another country.

4.10 Perceptions of the future of development and development processes

Developers are acutely aware of the current downturn in the property market. Those that have been around for a while view it as a natural cycle within the property market, which should turn around again at some point. It might also be that there are expectations that events such as the 2010 Soccer World Cup will boost some development and see them through the recession, or that profit margins of developments over recent years will carry private companies. Many companies are now simply considering other segments of the property market that are still showing signs of growth.

“The market is a reaction to prompts … a cumulative reaction to prods” - Developer

“People search for the market instead of shaping it. It is an incremental process. Our role is to create it” - Developer
5 RECOMMENDATIONS: IMPROVING PROCESSES AND RELATIONSHIPS

Interviewees proposed several recommendations that the various role players could take on to improve land development processes and relationships between those involved in processes:

5.1 For the benefit of the community

- Officials should be more proactive when public finance becomes available for effective use of such finance for development projects, whether it is to attract further development, solve existing development problems, or make developments more equitable and sustainable, etc. This requires of officials to be able to identify obvious development “gaps” in the area requiring urgent attention. It is simply a question of using common sense.
- Officials should know their local constituency better. They should be aware of what is happening on the ground - the dynamics, potential problems areas and solutions. This will enable officials to better respond to community needs.
- Officials should take more initiative during the application and development process. Put more “planning thinking” into the development application regarding aspects such as how the development could be made (1) more sustainable, (2) more inclusive, (3) more functional, etc. Lack of capacity and time constraints are however likely to hamper such innovative thinking.
- Planners should refer to normative planning principles and guidelines and propose alternative plans in addition to standard layout plans for consideration by both the developer and the municipality.

5.2 For the benefit of developers

- Policy makers should be more cognisant of how their policies affect various role players in the urban land development and construction sectors, especially developers and building contractors.
- Developers should have a clearer, stronger opinion/idea of what the municipality wants to achieve and how this could come about. Once agreed, this should also be stuck to for long enough to see it happen.
- Municipalities should develop guidelines for both developers and officials on acceptable practice and different kinds of incentives that the municipality can offer. Such guidelines should be intended to elevate effective “deal-making” between municipalities and developers.
- Municipalities should facilitate a quarterly forum for developers to exchange ideas, give feedback and to facilitate greater communication and transparency between developers and officials, and in turn improve perceptions on both sides.
- Officials should be much more proactive in communicating possible land development incentives and areas earmarked for development, especially with smaller developers, since they will not necessarily be familiar with IDPs and SDFs.
- Municipalities should take on a stronger role as a trader in development rights and infrastructure.
- Municipalities should allocate limited resources selectively and in accordance with clear rules that are applicable to all.
- Developers should distinguish between project management and project coordination. Project management pertains more to the construction phase of land development where implementation of budgets and timeframes becomes critical (typically done by quantity surveyors with training or experience in project management). Project coordination, on the other hand, pertains more to the overall implementation of the land development process and facilitation of communication between
the different role players, consultants and professionals. Here, a thorough understanding of how different phases in the broader land development process interlock with each other, is critical.

- Municipalities should streamline application processes – open a dedicated project management office in the municipality to fast-track certain development applications.
- Municipalities should seriously address skills shortages and lack of capacity.

5.3 For the benefit of officials

- Planning consultants should take initiative at the start of the process and assist the client in developing a clear concept with alternative development proposals that are well informed by a proper site analysis, rather than letting the developer simply aim to maximise economic gain from the land. Such a clearly formulated concept plan with clearly articulated objectives could also serve to keep the development on track. This should ideally be done in collaboration with municipal officials to ensure that an agreement is reached as to how such a concept plan could be more focused on inclusiveness, equity and sustainability.
- Planning consultants should act as project coordinators throughout the entire land development process in addition to just administering the application and consent processes. This needs to be discussed upfront with the developer and formalised by specifying and reaching an agreement on an appropriate fee structure for such services. This role should be reinforced by other professionals acting as project managers for different phases of the development process, whereas the planner should act as overall project coordinator.
- Officials should develop tools to better understand costs and benefits of urban land development to developers so that officials can be in a position to make better and more fair “deals” that would benefit both developers and municipalities. A market survey amongst developers might serve to inform the compilation of such tools.
- Officials should regain the role as a facilitator of development rather than just an administrator of development applications. This requires developers and officials to talk more to each other and to focus on finding solutions and alternatives, rather than officials dealing with consultants only. The South African Planning Institute (SAPI) could also facilitate regular forums between developers, planners and municipal officials.
- Planning consultants should be held more accountable for their work. Municipal officials feel that there is an increasing lack of accountability on behalf of planners due to a lack of disciplinary action from the council overseeing the planning profession, and due to planning work being done by unqualified persons as well. In light of the latter, officials think it is good idea that job reservation for planners is being considered.
- Politicians should play a limited role in decision-making regarding developments since they usually do not have the technical knowledge to make informed decisions. Instead, politicians should rather develop and popularise the municipality’s policies. Higher-level decision-makers in the municipality should also show the political will to implement normative planning to enable more sustainable and equitable development. However, they also need to provide leadership within the municipality to ensure greater cooperation between different line functions within the municipality. Urgent steps should be taken to address the critical skills shortages within municipalities.
In concluding the study, we refer back to the three objectives, or research questions, that have guided the study.

**How does urban land development and governance actually work in practice?** The urban land development sector, regardless of which province or municipality, is highly complex and rests on (1) intricate networks and relationships, (2) the ability to identify and move in on niche markets, (3) the availability of capital and (4) ownership of and access to land. As such, it is difficult to generalise about any particular significant or prevailing set of patterns as to how urban land development actually takes place in practice. Developers’ profit motive and their need to develop land successfully are overarching factors in the industry, whereas both developers and municipalities engage in various actions and solutions to see land development through despite a range of social, political and economic factors that may arise.

Looking at how urban land development works in practice (especially in terms of points 1 – 4 mentioned above) raises two further important issues, namely; the relative (1) inaccessibility of the industry to poorer people, and (2) inability of the industry to make a significant contribution towards poverty alleviation and changing the urban landscape in South Africa to be more equitable and sustainable. The industry remains relatively difficult for poorer people to access, either in terms of working in the sector or doing developments themselves, due to the high levels of skills required in financial, project management and built environment professions, and due to poorer people’s lack of ownership of well-located land and access to necessary finance, capital and intricate networks of developers.

One set of patterns that might be discernable with regard to how development works in practice is decision-making in terms of whether development applications are submitted in terms of the Development Facilitation Act (DFA) or the former Provincial Ordinance. Choosing one of the two routes is pivotal in terms of what, where, when and how development will take place. Generally, the pattern appears to be that smaller municipalities favour the DFA due to lack of capacity to process detailed applications themselves (whilst DFA applications are processed by a tribunal on provincial level), while larger municipalities (especially metros) favour the more technical and detailed Ordinance so that they can exercise greater control. Developers on the other hand appear to have an intricate set of factors, such as time, costs, contacts, prior experience, etc., which they trade off against each other in choosing one of the two routes. Needless to say, developers tend to choose the route which they eventually perceive to be the most economical. How ‘accurate’ their choices are is a matter for further investigation.

**What political, economic, and social factors influence urban land development and governance?** Developers and municipalities face a range of factors and challenges influencing development and the governance thereof. For developers, profit remains the overarching factor influencing decision-making around development. Yet, a range of other factors appear to remain important, including geo-technical conditions, community benefit, environmental impact, and municipal development objectives. Although most case studies alluded to factors around community benefit being important, the relative importance of community benefit to many developments probably remain questionable. This was evident in a case involving billions of Rands worth of development, whereas the local community is to benefit from a educational trust limited to selected individuals. Developers furthermore often cited lack of capacity, and especially unrealistic bureaucratic delays on the side of municipalities as challenges to development. Costs remain an issue, especially holding costs and bulk infrastructure contributions, yet in none of the
cases did these factors pose serious challenges, whereas the eventual turnover of developments in general appear to easily absorb such costs. Furthermore, despite a spree of recent negative factors in the economy, including political shifts, the national electricity crisis, rising interest rates and fuel costs, and interest rate hikes, did none of the developers interviewed allude to conditions turning out to such an extent that they would not be able to do business anymore, and perhaps leave the industry or the country altogether. What is more concerning is that developers in general did not regard social factors as a major factor influencing development. This could be indicative of municipalities in general not being active or communicative enough as yet in addressing developmental local government objectives that pertain to equity and sustainability. Indeed, municipal officials tended to cite lack of capacity and internal politics as challenges that influence development for them.

**What is the interaction between developers and municipalities?** Generally, negative perceptions that different role players have of each other tend to be due to stereotyping and misunderstandings or a disregard of the role, responsibilities and realities that the ‘other’ faces. Otherwise, sooner or later both developers and municipal officials appear to assume a more reasonable and rational approach when dealing with each other as both eventually realise that developers and municipalities are interdependent – both in terms of their economic well-being, but also for the benefit of the community. A discernable pattern here was the pivotal role played by town planners in facilitating administrative communications and in some cases proper dialogue between developers and municipalities.

Nevertheless, when looking at interactions between developers and municipalities, there is clearly a need for greater awareness, sensitivity, and consideration of the roles, responsibilities and difficulties faced by the ‘other’, and what the different role players can do within their existing ambits to improve urban land development processes and relationships. Indeed, the different role players made several recommendations with regard to how urban land development processes and relationships can be improved. Two assumptions underlie these recommendations, namely; that (1) instead of a major overhaul of policy and structures, different role-players just need to take greater cognisance of these recommendations as to how each of them can improve different role players' workings and relationships within their own ambits, and (2) an improvement in the workings and relationships within the industry can serve to steer urban land development to be more equitable and sustainable without disturbing market forces. In fact, some cases, such as Cosmo City and Westonaria South, have shown that it is possible to steer development to adhere to local government developmental agendas as well as private sector interests.

Creative responses in terms of how to practically implement these recommendations are urgently needed.
REFERENCES


