

Webinar 4 Summary Report
**PRECINT-BASED PLANNING &
VALUE CREATION**

**Advocacy & Lessons Learnt:
Cape Town's Parow Prioritised Local Area (PPLA)**

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PURPOSE

The National Land Value Capture Programme was launched in South Africa in March 2020 and is a tripartite partnership between the Development Action Group (DAG), the Lincoln Institute of Land Policy and the National Treasury's Cities Support Programme (CSP).

The three-year programme aims to strengthen the capability of metropolitan governments to implement innovative Land Value Capture (LVC) tools and strategies efficiently and effectively. LVC is essential for enhancing much needed municipal revenue for improved delivery of social investment and realising the country's spatial transformation agenda. Furthermore, the programme seeks to build capacity in public sector institutions and built environment practitioners and civic organisations to influence institutional, regulatory, and other procedural changes required to implement these LVC tools and strategies.

The webinar series for metro officials was launched to build capacity and encourage peer to peer learning between metros. The programme has followed this structure:

- I. **LVC Webinar 1:** Positioning Land Value Capture in South Africa- Leveraging land value to drive Spatial Justice (August 12, 2021) – a CSP perspective and the intersection of spatial transformation and the fiscal sustainability of municipalities.
- II. **LVC Webinar 2:** Unpacking LVC tools and their applications (15th September 2021) - Lincoln Institute of Land Policy perspectives.
- III. **LVC Webinar 3:** Transit Orientated Development & LVC – a Johannesburg perspective (December 1st, 2022).

LVC Webinar 4: Lessons Learnt on the Parow Prioritised Local Area – *Spatial Targeting within the Voortrekker Road Corridor*

The fourth webinar of the LVC webinar series considered the principles and approaches employed by the City of Cape Town's (CoCT) spatial planning team to stimulate urban regeneration, spatial transformation, and value creation. The session frequently revisited this topic of value creation – the various means and unintended consequences – and the preconditions of value capture i.e., having created the conditions where value is generated, what means, methods and measurements are available to leverage and capture value.

DAG's guests showcasing this approach were Lance Boyd: Principal Professional Officer and Ashleigh Manyara: Senior Professional Officer. Both serve within CoCT's Metropolitan Spatial Planning team and have been responsible for driving spatial policy and tools in the Parow Prioritised Local Area (PPLA) located within the City's Voortrekker Road Corridor Integration Zone (VRC-IZ).

“Our mantra - within Parow and its specific urban and inner-city context - has always been about trying to create as much value as possible whilst acknowledging that there are other areas, with other contexts and market dynamics, where the land value capture conversation may change” - Lance Boyd (City of Cape Town)

“Although some financial mechanisms (e.g., the Urban Development Zone) are in place, we are not seeing take-up in some of our spatial priority areas. Our unit is trying to ensure that there is a citywide transformation imperative: that projects were undertaken to understand, leverage, and respond to the social and economic needs and address (inherent) inequalities” – Ashleigh Manyara (City of Cape Town).

Defining the Challenge

“The application and focus of LVC is often within areas where land and property markets are functional and strong. Cape Town's Parow case study is the complete opposite. Parow is one of the old neighbourhoods that has been experiencing some form of urban decay, the existing public infrastructure capacity is operating at below optimum level and the overall objective for the

city is to initiate some form of intervention that would attract private sector investment.” – Willard Matiashe (DAG)

The City’s presentation on Parow clearly illustrated the opportunities and established the need for affordable residential development that could leverage existing public transport networks and infrastructure, social amenities, and central proximity to economic centres including the Cape Town CBD, Bellville, and Century City. It is recognised as one of the City’s under-performing areas that have a high potential for catalytic spatial transformation and to stimulate private investment through targeted public investment informed by detailed, evidence-based planning over a decade with the local and business communities.

The presentation equally highlighted Parow’s challenges, rooted in a poor-quality urban environment that has historically curtailed private investment and diminished the experience of existing residents and businesses. These challenges require an operational and strategic response from the City of Cape Town and its partners to respond to the issues and rebuild trust within the Parow and VRC communities. Only by delivering on these elements can CoCT hope to deliver on the vision for Parow defined as: **“Creating an urban context that is a desirable place to live in”**.

The Spatial Targeting Logic and Bigger Picture for Parow

Since 2015, a concerted effort has been made to focus financial, institutional and community resources on addressing the challenges and working towards positive developmental outcomes and transformation of the Parow precinct. The PPLA is a prime example within Cape Town of various spatial targeting mechanisms working “in-synch” with each other. These include the designation of PPLA within:

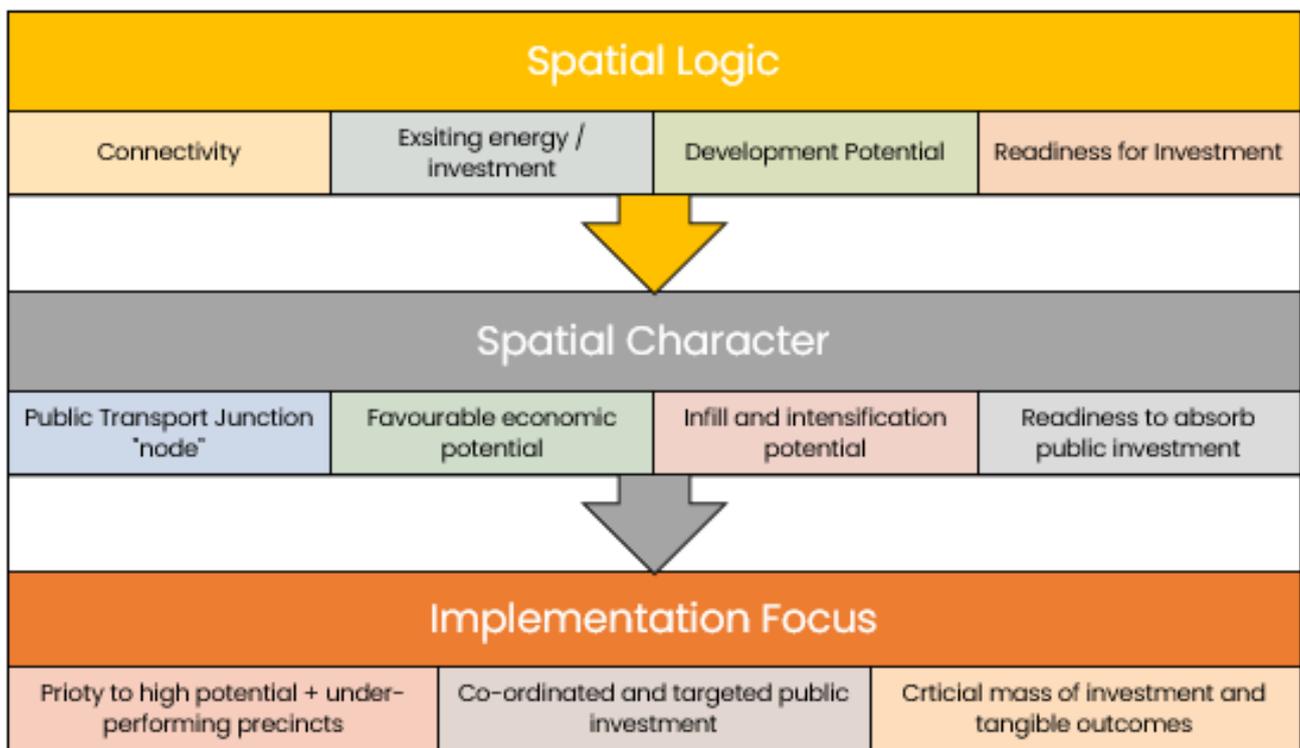
- **Metropolitan-scale:** the City’s defined Urban Inner Core (UIC) as per the CoCT Municipal Spatial Development Framework (MSDF) – the statutory Metro-scale, spatial planning strategy and document aligned to the City’s Integrated Development Plan (IDP)
- **Corridor-scale:** Voortrekker Road Corridor Integration Zone (VRC-IZ), one of three designated Integration Zones defined within the scope of the Urban Network Strategy (UNS) – detailed research, and evidence-based,

public engagement, visioning and planning for the VRC-IZ has been undertaken over a decade.

- Partial current inclusion within and targeted expansion of the Urban Development Zones tax incentive (UDZ)
- Priority Human Settlements and Housing Development Areas (PHSHDAs).

The spatial logic and character of Parow and the other PLAs within the VRC-IZ tick many of the boxes implicit for successful regeneration and transit-oriented public investment strategies as **diagrams A and B** illustrate. The precinct planning and regulatory initiatives established for Parow have provided the basis to deliver on the principles of transit-oriented development – discussed in detail in Webinar 3 - by recognising and seeking to leverage the pedestrian character and public transport infrastructure.

Diagram A: Logic, Character, and Focus



(Source: Adapted from CoCT)

Diagram B: Composite Orientation, Drivers, and Design Concept



(Source: Adapted from CoCT)

Evidence-Base, Targeting and Visioning

“(it’s important…) to understand the areas that you’re working in and recognise there may be a short-term and a longer-term game at play here. In the short-term, recognise that you may not see those immediate benefits, and recognise the need to put mechanisms in place to maximise the opportunities that do materialise over the longer-term.” -Rob McGaffin, URERU UCT

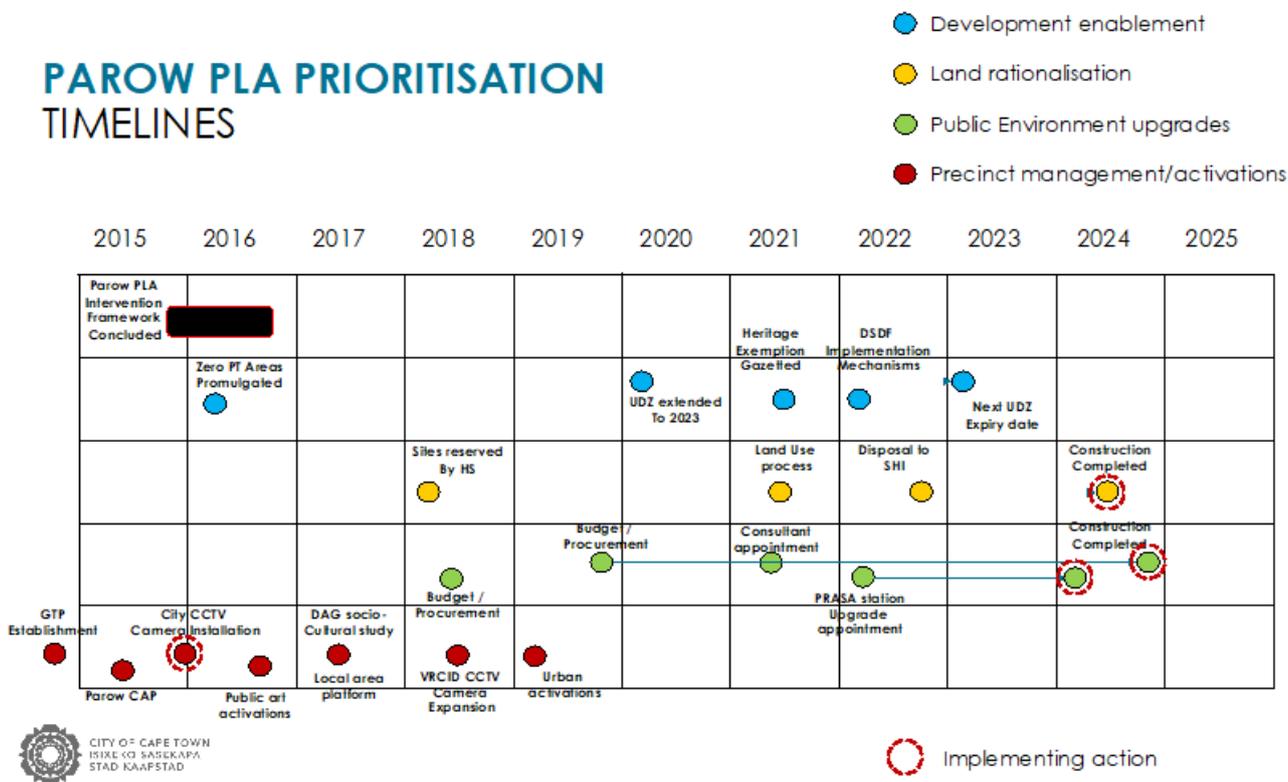
“...a lot of opportunities for LVC are missed by not putting the tools in place or designing the plans and policies to try to maximize that, create that value creation and value capture.” - David Amborski – Toronto School of Urban and Regional Planning

In many respects, the PPLA is an example of the “long-game”, where detailed planning, engagement and regulatory reform have supported and established the basis for spatial transformation and new tools to support development (*Diagram C*). CoCT’s presentation was clear that it has taken more than five

years to yield tangible results and “green shoots” investment from these concerted efforts.

Initial resources were dedicated to understanding the engineering constraints and infrastructure needs – “the pipes and the wires” (Lance Boyd) - to limit that critical factor from inhibiting investment. From these assessments strategies and interventions were formulated and prioritised forming the basis of that long game (**Table 1**).

Diagram C: Timeline for PPLA



(Source: Adapted from CoCT)

Table 1: Parow PLA Strategies and Initiatives

Strategies	Implies...	Initiatives
Development enablement	<ul style="list-style-type: none"> • Residential intensification • An efficient regulatory environment • Rationalising unassigned and underdeveloped public land • Focusing key interventions on rail stations as the primary pedestrian gateways 	<ul style="list-style-type: none"> • Public Transport Zone (PT)¹ parking reductions to “zero” • Geographic exemption in terms of the NHRA S34(3) - 60 Years Clause² • Urban Development Zone extension motivated • Motivations to amend restrictive development parameters via the MPB-L..
Land rationalisation for affordable housing development	<ul style="list-style-type: none"> • Securing perpetual access to affordable rental (implies rental) 	<ul style="list-style-type: none"> • X 2 Precinct-based social housing revitalisation model to support +/-700 unit • Synergy with emergent student housing • Council process to dispose of sites
Public environment upgrades	<ul style="list-style-type: none"> • Activated public open space and facilities. • Co-planning with PRASA on station precinct 	<ul style="list-style-type: none"> • Station Road pedestrian arcade • Upgrade and redesign of primary pedestrian space and ablutions from Parow Train Station to Voortrekker Road

¹ As per the [City of Cape Town Municipal Planning By-Law](#)

² S34(3) (60 Years Clause) The provincial heritage resources authority may at its discretion, by notice in the *Provincial Gazette*, make an exemption from the requirements of subsection (1) within a defined geographical area, or for certain defined categories of site within a defined geographical area, **provided that it is satisfied that heritage resources falling into the defined area or category have been identified and are adequately provided for in terms of the provisions of Part 1 of this Chapter.**

S38(9) The provincial heritage resources authority, with the approval of the MEC, may, by notice in the *Provincial Gazette*, exempt from the requirements of this section any place specified in the notice.

	<ul style="list-style-type: none"> • Efficient, safe, and comfortable public transport access • Coherent and attractive non-motorised transport network (NMT) • Improved functionality; aesthetic quality and experience for everyday users, including daily commuters (choice or captive); street-front retail operators and informal traders. 	<ul style="list-style-type: none"> • Detailed design and construction expected June 2024
<p>Neighbourhood stabilisation and urban management</p>	<ul style="list-style-type: none"> • Precinct-based approach • close proximity to economic and social opportunities. • harmonious interaction between residents, businesses, and the public sector • Foster a sense of ownership for the area 	<ul style="list-style-type: none"> • Data spatialisation (of “C3” service notifications) <p>Partnerships and data sharing with:</p> <ul style="list-style-type: none"> • Mayoral Urban Regeneration Programme (MURP) • Voortrekker Road Central Improvement District (VRCID) • Greater Tygerberg Partnership (GTP) – market intelligence, place marketing, activations (street art) • National Association of Social Housing Organisations. (NASHO) – social housing RFP based on SH precinct model • Community stakeholders

RESPONSES TO PAROW CASE STUDY

A robust conversation followed the presentation from CoCT, and the following themes emerged. Throughout, the point was made that context remains a fundamental consideration in choosing approaches and appropriate “value” tools. The advantages of a strong evidence-base to inform decisions and track metrics and the impact of urban policy were also common to participants from the metros and the panellists.

Edited soundbites from the conversation have been used to illustrate the perspectives shared in relation to:

- Enhancing the viability of development proposals – changing the dial
- Definition of value – use of land for social and economic value
- Unintended consequences - who derive value and impact on rates etc?

Changing the Dial

“I’m not always convinced that tax incentives (e.g., UDZ) are always the best incentive to use upfront. (They) tend to work on the margins when other fundamentals are in place. Often you need to get a lot of other things in place before you can start to use the tax incentives.

I’ve seen a lot of incentives before, and I often think how are they going to change feasibility? Do they change the dial on a viability study? Very often, the answer is ‘no they don’t’. And as a result, I don’t think those incentives are particularly successful. However, I think a lot of the (Parow) work - the heritage, the parking and building economics review (in relation to the zoning and municipal planning by-law) - does speak directly to a feasibility study. You can see how they can change the numbers in that feasibility study. When thinking of incentives and regenerating areas: stand back and ask - literally when one is number-crunching the viabilities - how would this change something?” – Rob McGaffin

“In terms of creation, whilst we are seeing budding investment it’s by no means blowing one away! Private developers have moved into these areas, they wouldn’t have invested meaningfully and expanded the opportunities if they didn’t see the potential.

TUHF and affordable rental (are emerging) using the newer (social housing) rental bands of under R22,000 (per household per month) but above the R8,000 range. Numbers and margins remain very tight. If you're having to provide for additional parking or negotiate (a lengthy) process with rezoning (these) presents a lot more risks. Financiers and developers tell us this. There is strong demand for that affordability range...(however,) when you are putting a product out and specifically targeting the upper ranges of the affordable rental there is competition with other areas which are more 'complete', in terms of a public environment. (it's) a land value conundrum". – Lance Boyd

Definition of value and use of land as a social value: a gentrification "hedge"?

"We can talk about social value, economic value, or fiscal value. Looking at how the city is positioning its own land holdings (in Parow), towards the development of social and affordable housing, they have got that social value in mind. I suspect there's an expectation that once the economic market cycle matures, this land would have been reserved to mitigate the consequences of gentrification - a consequence (of) regeneration. Leveraging state-owned land, for social outcomes (and value). It illustrates how LVC can be done differently." – Willard Matiashe.

"If you're trying to create tools and policies to increase value, you want to make sure that you can capture that in the future! Public benefits can be from the creation of daycares and buildings; connections to the transit system; improvements in the public realm in the vicinity. (Cities) must look at all the opportunities and put (tools) in place early on, even when the present market is declining." – David Amborski.

The Unintended Consequences – Value for whom? And the property rates implications for conversion from business to residential land use.

"I think that's really pertinent with the end-user is (in defining) context. In Parow, you've got growing numbers of call centres which have synergy with commercial precincts. There's a need for starter start units and there's been a degree of interest in micro-units, small-scale bedsits, and strong exposure to student housing in the area and I think, some institutional student housing providers specifically located within (the VRC). – Lance Boyd.

“It is great that we are upgrading areas. It's great that we are creating opportunities for student housing. (However), I really don't see any value capture. I'm looking at what future rates are coming in. By (rezoning) commercial buildings into housing buildings at half the commercial (property) rate, we may be eroding our tax base. I see that this is going to pull in pubs and quick fast-food places, that are going to provide for the students. But what industry are we going to have if (the main beneficiaries) are students who won't necessarily be residing there – in the long-term -for full-time work? Yes, we might be smartening it up, but are we actually ever going to create any value in this particular area?” - Louise Muller (CoCT)

“Part of solving the problem (of urban decay) is revitalisation and urban regeneration (as demonstrated by the VRC and PPLA) ... (Parow) is a neighbourhood that has abundant public infrastructure that is underutilised (and not optimal). Creating value might be bringing incentives that have been outlined in this presentation. The outcome can vary it might be growth in the rates base, (or) that infrastructure is operating at an optimum level (potentially, you) end up balancing (the outcomes) out.” – Willard Matiashe

“In eThekweni's context, there are definitely places that have more (investor) confidence than others. It's not like one size fits: even within the inner city, there are certain precincts that are more viable than others. (One example, in the Durban inner city, has been the trend) towards student accommodation by the city and by developers. I don't necessarily think this is value capture: it's another form of development response to what the demand is. And, it has an unintended consequence whereby, the lower-income good (quality) residential stock has been eroded and declined. That's how business works. (An asset) reaches a point where it becomes so dilapidated, then the neighbourhood or block also starts going that way. (The consequence is) it's easier to buy-up additional properties.” – Soobs Moonsammy (eThekweni Metro)

CONCLUSION

CSP encourages municipalities to adopt a “theory of change” in the approach and planning within municipalities. A theory of change demands a clear planning rationale, logic, and resources to support the plan and establish intended impacts and outcomes from these efforts. This has formed the basis for many of the spatial targeting approaches developed in conjunction with metros over the last decade.

This webinar demonstrated the change in methodology and aspiration from the City of Cape Town in one of its prioritised precincts that have begun to reap the rewards of investment after years of planning and engagement. The CoCT’s reflections on Parow spatial targeting approaches and initiatives have sought to create value in a precinct that has suffered from blight and decay. It illustrated clearly, the need for a long-term game plan and inherent patience in the planning and expectations. It also raised issues pertaining to “how” value is defined and who is deriving that value.

Thinking through possible unintended consequences of some of these initiatives – for example, the impact on rates based when residential development displaces commercial uses - were also themes that shaped the conversation across professional disciplines, most importantly, between the planners and the financial players. It’s imperative that those conversations continue, and that effective monitoring and evaluation tools are used to track the spatial, economic, and social impacts over the short, medium, and long term.

These are issues that will continue to shape the efforts and initiatives supporting the transformation of communities and precincts in Cape Town and beyond. The webinar was a timely reminder to all parties involved in the complexities and challenges and the benefit of having champions like Lance and Ashleigh to drive these transformation initiatives.