

Provincial Government of the Western Cape

Department of Transport and Public Works

Cape Town Central City Regeneration Programme

STRATEGIC FRAMEWORK

August 2010



PROVINCIAL GOVERNMENT OF THE WESTERN CAPE

Department of Transport and Public Works

CAPE TOWN CENTRAL CITY REGENERATION PROGRAMME

STRATEGIC FRAMEWORK

"In the next five years, in partnership with the City of Cape Town, Transnet and the national Department of Public Works, we will expand the central city through new infrastructure. This will accelerate growth, attract investment and generate more jobs and business opportunities. We will also attract and retain investment by leveraging a portion of the R85 billion of assets owned by the province to create public and private partnerships."

Premier Helen Zille, 2010 State of the Province Address

Version 02
February 2011

Executive Summary

The Western Cape Provincial Government aims through the Cape Town Central City Regeneration Programme (CT-CCRP) to:

- Unlock Cape Town's potential to become a city that serves the needs of all its citizens as one of the world's great cities of the world;
- Leverage private sector investment, capacity and expertise;
- Refurbish and achieve savings in the operation and maintenance of its properties; and
- Generate an income stream to finance provincial property development and maintenance.

Not only will this generate economic activity and create new jobs and opportunities for empowerment, provide access to the city's resources, facilitate social cohesion and well-being and enable environmental sustainability and energy efficiency.

This inspirational programme will lead the way and is designed to be replicated elsewhere in the Western Cape and in the rest of South Africa.

The Vision of the CT-CCRP is a city that comes alive as a diverse, globally connected and socially inclusive space that encourages an entrepreneurial culture, provides a welcoming and inspiring place for socially mixed communities, and attracts major investors. This will develop Cape Town beyond the current amalgam of tourism, leisure, port activity and commercial company headquarters. The programme will demonstrate sustainability in relation to the beauty of green and blue spaces, the water and energy resources required for growth, the diversity and value of locally produced food, and the resources which citizens and businesses recycle.

The CT-CCRP will achieve the following Strategic Objectives:

- Mobilise *new investments* in the central city;
- Ensure that a significant component of the *business premises* are affordable for small and micro enterprises;
- Achieve densification by developing a percentage of the *residential stock* for affordable housing;
- Provide access to *green and vibrant public spaces* within walking distance of all residential buildings;
- Develop *exemplary social facilities* for all age groups and cultural persuasions;
- Reinforce the vision of *transit-oriented development*; and
- Develop a *fibre optic backbone* for the central city;

These aims and objectives will only be achieved if the following preconditions are met:

- Partnerships created with the City of Cape Town, State-Owned Enterprises and the private sector;
- Collaboration with National Treasury and compliance with statutory prescripts regulating Public Private Partnerships;
- Establishment of a capacitated Project Office that will be responsible for the overall management of the CT-CCRP.

The Strategic Framework emphasises that this is “business unusual”. The need for a Project Officer with dedicated support and appropriate mandates for rapid decision-making is emphasised. Without this the aims and objectives of this programme will not be achieved.

The way forward with the programme is as follows:

- Formally appoint the Project Officer;
- Finalise the establishment and capacitation of the Project Office;
- Formalise the relationship with National Treasury’s PPP-Unit through the signing of a Memorandum of Understanding;
- Establish partnerships with the CoCT and other stakeholders through signing of Memoranda of Understanding and the establishment of a Steering Committee;
- Prepare high-level precinct development concepts
- Appoint Transaction Advisors to undertake the foundations studies, including studies into the property market and residential densification and also to do project and precinct due diligence- and risks assessments.

It is concluded that the Provincial Government not only has the duty to develop its properties to achieve the stated environmental social and economic strategic objectives but that it also has the means, the plans and the support to successfully implement this ambitious project.

Department of Transport and Public Works

**CAPE TOWN CENTRAL CITY REGENERATION
PROGRAMME**

STRATEGIC FRAMEWORK

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1 INTRODUCTION

Like many cities in fast-growing developing countries, Cape Town is changing rapidly. Nearly half of what is now Cape Town has been built in the last 25 years. What will this diverse city of 3.5 million people be like in 25 years from now? Who will live here? What jobs will be available? How sustainable will it be? Over the past five years Cape Town's key stakeholders have invested time, money and energy to envisage a desirable future. These aspirations have been captured in many key documents, the most important being the following:

- iKapa Elihlumayo - Western Cape Growth and Development Strategy;
- City of Cape Town's (CoCT) Integrated Development Plan (IDP);
- The multi-stakeholder Central City Development Strategy facilitated by the Cape Town Partnership (CTP); and
- The business-driven 2030 Vision for Cape Town published by Accelerate Cape Town.

These documents share the common view that Cape Town's future should not be the unintended consequence of localised development initiatives. It is recognised that big city-wide decisions are needed to make sure appropriate investments are made by the City of Cape Town (CoCT), Western Cape Provincial Government (WCPG), various State-Owned Enterprises and the private sector.

These investments must jointly unlock Cape Town's potential to become a city that serves the needs of all its citizens as one of the world's great cities. Much depends, however, on what happens to the central city, not just because this is Cape Town's main economic hub, but also because it is a strategic seat of government, a regional tourism gateway, and a centre for creativity and innovation supported by four major universities.

The WCPG recognises that it must work collaboratively with the other spheres of government, business and civil society. To this end it wants to play its part by committing its substantial property holdings in the central city to help catalyse socio-economic benefit for the city and region. This document spells out what the WCPG can, and will, do.

The document must be read as a response to the emerging vision as expressed in existing public documents. It has three purposes:

- It summarises the emerging vision for the future of Cape Town expressed in various ways in existing public documents;
- It clearly defines opportunities for regeneration and the role that the WCPG will play to promote this vision within the mandates and means at its disposal; and
- It describes implementation strategy, the principles that will inform a final formulation of the institutional mechanism to be used to effectively manage the investments and transactions that are its direct responsibility, ensuring that these are aligned with and enhance the totality of investment by the City as well as other public sector and private investors.

2 SECTION 1: EMERGING VISION

2.1 Cape Town in Context

Cape Town's economy is deeply embedded within a rapidly changing global context. The global financial crisis has brought to an end the debt-financed consumption boom that has been a key driver of the past decade's high growth rates. The key global trends that will influence the city's future choices are:

- Accelerated penetration of information and communication technologies (ICT), with smart grids to manage infrastructures and energy flows, digitisation of production and the rise of the new type of data-trading consumer/producer leading the way;
- Rapid rise of Brazil, India and China as a new axis of global power, creating massive new markets for basic consumer goods;
- Consolidation of innovation as a key driver of growth, thus creating advantages for regions that are creative and well-networked milieus of innovation;
- Intensification of resource constraints. While these continue to undermine growth, there are massive investments in technologies and systems for managing resources more sustainably, particularly with regard to energy, waste, water and sanitation, transport and food supplies;
- The rise of city-regions as the key nodes of future growth, especially those that have managed to configure ways of making the city a more desirable place for the majority of its citizens; and
- The re-emergence of an everyday public life and sense of community, often expressed through the cultural arts and more cooperative trust-based modes of working in the social economy.

Cape Town is well placed in relation to the emerging Brazil-India-China axis - after all it is a 'rim city' for both the Atlantic and Indian Ocean economic spheres. Just as San Francisco repositioned itself as a Pacific Ocean 'rim city' looking westwards, Cape Town's future may be more about a South-South trajectory that becomes increasingly dependent on sea routes as airborne goods transportation becomes more expensive in real and environmental terms.

The city has no significant local primary resources at its disposal, and must therefore bank on the development of its human and knowledge capital. This will mean investing in ICT infrastructures to create a 24/7, low-cost and high-speed communications environment, not just for the elites, but for all communities. Inclusive growth and effective service delivery in poorer communities may well depend on such an infrastructure.

The city has some unique features when compared to other South African cities: highest literacy rates, highest internet connection rate per capita, lowest unemployment rates, highest percentage of houses connected to services infrastructure and an economy dominated by entrepreneurial SMMEs rather than large corporations vested in mature technologies. Investment and planning decisions should be informed by these strengths and capabilities. Future growth and development is constrained by

persistent poverty and severe natural resource limitations (even though its CO₂ emissions are lower than the national average).

However, development challenges and natural resource constraints can spur innovation, especially if these innovations are recognised, celebrated and mainstream through smart investments. Cape Town's key advantage is that it has an unusually high concentration of Research & Development institutions connected to a backbone of four major University institutions. Its social diversity and natural setting inspire a thriving creative and cultural industrial sector - a key dimension of any innovation milieu.

Cape Town is a sprawling, poly-nodal city with inconsistent levels of service and access to opportunity. Various densification targets have been set for the CBD, with an initial forecast set to double the number of people in the Central City within ten years. However, this will depend on two things: whether a strong urban edge is established to crowd investments into existing urban areas instead of allowing urban sprawl to continue; and a commitment to a proactive vision-led development strategy for the Central City that counters ad hoc reactive decision-making.

2.2 Cape Town's Planning and Policy Initiatives

A number of recent policy and planning initiatives undertaken by the CoCT have a bearing on the future development of the provincial properties. All of the precincts fall within the ambit of the City's Metropolitan Spatial Development Framework and Integrated Rapid Transport Plan and the Table Bay District Spatial Development Plan. Development of the central city precincts would further be informed by recent work on the Central City Development Strategy (CCDS) and the CCDS Draft Development Guidelines for Land Use Management.

The CoCT has completed a new draft Spatial Development Framework (SDF) for the metropolitan area in 2009 and District Plans for each of the eight planning districts that fall within the metropolitan area. The City SDF is a long-term citywide spatial plan and includes overall spatial goals and planning principles, a spatial concept and framework and strategies and policies to support the framework.

The draft Table Bay District Spatial Development Plan, prepared in 2009, takes the SDF policies and framework as a starting point for more detailed local planning proposals. It provides a medium term plan to guide spatial development processes within the district. It proposes changes to existing urban areas within the district with the aim of improving urban integration, accessibility, intensification and enhancing the destination value of the central city. It also highlights a number of priority precincts including the inner city, the east city, the Somerset hospital site and Oude Molen and suggests the following for each of these:

- Inner City: Continue to support intense commercial, business and residential land uses and support policies that facilitate an appropriate built form and public environment.
- East City area: Support the significant urban regeneration potential of the area by optimising the use of significant state resources such as the Castle, the Granary, City Hall and Good Hope Centre and improve the quality of the urban environment and public space.

- Somerset Hospital: Support the development of this site as a mixed-use precinct that can accommodate a range of publicly oriented activities. Ensure suitable public interface with the Green Point Common, Granger Bay Boulevard and the stadium precinct, pedestrian and vehicular linkages to ensure integration with the Waterfront towards the north and east and visual linkages to the sea and the mountain.
- Oude Molen: Support social and land use integration with a focus on sustainable design and community development projects.

The CCDS report prepared jointly by the CoCT and the CTP provides a vision for the central city. This sets as aims the promotion of distinctiveness, openness, sustainability, connectedness, people centred, business friendly development and a quality and well-managed urban environment.

A 'Development Guidelines for Land Use Management' draft report was completed in April 2010 for the Cape Town Central City. The purpose of this study was to translate existing development visions, aims and frameworks into a set of clear guidelines that provide a consistent basis for development decision-making by public officials and at the same time give direction and certainty to the private sector. The report includes a set of development guidelines for typical conditions which set the desired features of development with respect to interface characteristics, grain, height, bulk, access and street frontage. Some of the recommendations may be translated into an overlay zone for the central city as part of the new Cape Town Zoning Scheme, due for final adoption in late 2010.

The Integrated Rapid Transit (IRT) System is a further initiative with direct bearing on the central city. It aims to integrate all public transport into a single public transport system within the central city. Important new stations and IRT routes are planned for the central city and are currently being implemented as part of Phase 1A.

In summary, the key directives for the Central City Regeneration Programme are:

- Encourage intensification of development, especially along main public transport routes and new IRT routes and stations;
- Improve the quality and safety of public space by ensuring active and positive interfaces between buildings and streets /public spaces;
- Encourage integration and mixed use development;
- Enhance the destination value of the Central City and its cultural, business and tourism assets and promote the distinctiveness of the area; and
- Protect the urban edge interface with natural areas.

2.3 Vision

In order for the city to realise its considerable potential and engage with its challenges in a substantive manner, the central city - Cape Town's 'operational and economic centre' - will need to be transformed, regenerated and reconfigured for a very different future.

The central city needs to inspire and lead the way. The ambitions for the central city must go beyond the current amalgam of tourism, leisure, port activity and commercial

company headquarters. These are all important sectors, but it must also come alive as a diverse, globally connected and socially inclusive space that encourages an entrepreneurial culture, provides a welcoming and inspiring place for socially mixed communities, and attracts major investors who need 24/7 communications infrastructure and human skills (especially high literacy levels).

The central city needs to become a space of opportunity, in particular for informal traders, young people and job creating activities capable of absorbing un- and semi-skilled workers into secure long-term employment.

The city also needs to demonstrate that all this can be done in ways that are sustainable in relation to the beauty of green and blue spaces, the water and energy resources that are required for growth, the diversity and value of locally produced food, and the resources which citizens and businesses recycle.

Major governmental and corporate interests are seriously considering multi-billion rand investments that will transform the central city in a complimentary manner: these include the 2030 Cape Town Station/Woodstock Esplanade project, the Harbour Redevelopment, the proposed District Six developments, the East City Design Precinct initiative and the redevelopment of the WCPG's properties that this document addresses.

The question is not whether the central city must be regenerated, but toward what end and how? Indeed, without a coherent vision and explicit developmental criteria, many of these investments could simply result in growth for growth's sake rather than socio-economic opportunities for all in ways that restore the natural resource base.

Although Cape Town's stakeholders will continue to interact and build the vision, the dimensions of the vision for the central city can be drawn in large part from existing partnerships, processes and documents. The WCPG would like to play its part in this process, but this will depend on effective and streamlined cooperation between the different Departments of the WCPG.

Hence, it is envisaged that the key stakeholders will find a way or working together to transform the central city into a thriving centre of productivity, connectivity, innovation, social cohesion and sustainability. Specifically, this will entail building the central city into a space that is:

Productive

- Increased public and private sector investment made possible by an agreed long-term vision, planning environment and decision-making process, with the property development sector playing a leading role;
- Targeting (by organised networks of key actors) of strategic sectors with the greatest investment and job creation potential (such as the creative industries, waste recycling, street markets, construction, infrastructure maintenance, greening, tourism, harbour-related activities, R&D); and
- Promotion of skills development to build the human capabilities required as opportunities are created.

Connected

- An advanced fibre optic communications network will give government, citizens and businesses the widest and deepest access to low-cost, high-speed information and communication capability and technology thus increasing productivity;
- People will be able to access places of work, social well-being and leisure conveniently and at least cost to themselves and the environment.

Innovative

- Living and working conditions will enable resourcefulness, innovation and the application of resources by the widest range and number of people and organisations (including the public sector, community groups, NGOs, and the private sector) in sustainability, work and social enterprise; and
- Spontaneous and deliberate networks of innovation that span institutional and disciplinary boundaries will be enabled, encouraged and purposefully built.

Cohesive

- Social cohesion and a dynamic popular culture of diversity, collaboration and creative 'competition' will be encouraged;
- Accessible services and shared public spaces of social and economic opportunity will be supported;
- Inequitable distribution of resources and wealth will be eradicated, with special reference to ensuring that affordable housing and business premises are created; and
- Recognition of past heritage and memory for building an integrated future that respects and celebrates Cape Town's diverse identities and histories.

Sustainable

- City-wide densification will be necessary to support more compact, transit-oriented mixed use developments;
- Extensive networks of city gardens and pathways into natural parks and seafronts will be built creating a walkable and safe city;
- Networked urban infrastructures will be configured to maximise the use of renewable energy, minimise water use and recycle all solid and liquid wastes;
- Gradual shift from a car-dominated to a people-centred way of life, with new developments concentrated around integrated public transport nodes and non-motorised transport facilities that make it possible to seamlessly move from one transport mode to another via a single ticketing system;
- 'Green buildings' will be built to meet the highest possible green star ratings; and
- Access to locally produced affordable food.

Safe

- Safety of citizens from crime and violence - commuters, consumers, pedestrians, workers and businesses, both formal and informal, all users of the city centre; and
- Security of businesses and property from crime and violence.

2.4 Aim of the Programme

The WCPG, in support of the efforts of the CoCT, PRASA, Transnet and the private sector - aims to use its property assets to contribute to the realisation of a bold and forward looking vision for transformation, regeneration and development. Fundamental to this aim is building strong mutually beneficial relationships and partnerships.

The aim of this programme is not only to achieve refurbishment and savings in the operation and maintenance of its own properties, but to use them to leverage investment, capacity and expertise and give effect, jointly with its development partners, to transforming the central city area. In the process, the WCPG intends generating new cash flows that will assist in funding the proper operation, maintenance and upgrading of its properties.

The provincial government aims to invest in the future of all towns and cities in the Western Cape and do so in collaboration with government, state-owned entities and the private sector. This central city initiative will provide an example for similar initiatives in other locations in the province and lessons learnt can be utilised elsewhere.

In sum, the overarching aim is to unlock the latent value of the Provincial property portfolio, and encourage synergistic well-coordinated development public and private properties in the selected central city precincts, in order to generate economic activity and create new jobs and productive opportunities for all, including interventions that empower poor and working people to access opportunities; create conditions for social cohesion and well-being; and enable environmental sustainability and energy efficiency.

2.5 Relationships and Partnerships

2.5.1 City of Cape Town

A committed partnership with the CoCT is a prerequisite for the success of this project, especially to:

1. Expedite policy decisions, town planning and removal of restrictions proactively and environmental and heritage approvals to secure development rights. This will maximize combined public sector land values and the potential for leverage of private finance.
2. Release municipal land for development synergistically with the WCPG to maximise development impact in each precinct. This is in terms of the City's own policies and the strategic objectives as set out in this document.
3. Provide infrastructure and services requirements to support implementation of coordinated programme between the Province, the City and the private sector. To this effect it is essential that the WCPG actively participate in the development of a Strategic Infrastructure Plan for Cape Town.

A joint coordination committee for regular liaison, communication and coordination between the CoCT and the WCPG must be established, backed by a Memorandum of

Understanding (MoU) that clearly defines roles and responsibilities and contributions to the project.

2.5.2 Private Sector

Equally important is strong relationships, collaboration and alignment with the Private Sector. In this regard the provincial government aims to actively encourage private sector involvement to leverage finance and its skills and knowledge.

Regarding the state owned enterprises, PRASA and Transnet in particular, and the National Government, the Province will pursue collaboration and mutual support wherever possible to ensure the strategic objectives of this programme are realised.

2.5.3 National Treasury

National Treasury, in particular National Treasury's PPP-Unit, is a key stakeholder in the programme as a result of the prescripts in the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA). It is essential that the PPP-Unit be consulted at the earliest possible stage to ensure buy-in and compliance. The relationship should be formalised with a MoU and the PPP-Unit should be represented on the Provincial Steering Committee.

2.5.4 Provincial Departments

Finally, the Provincial Government is committing itself to effective inter-departmental coordination and coordinated action to realise the objectives of this programme. The Provincial Treasury has a major role to play, not only in terms of funding, but also in an oversight role. The participation, cooperation and support of other provincial departments are essential to the success of the programme.

2.6 Strategic Objectives

In order to make its contribution to the realisation of the broader vision, the CT- CCRP must aim to achieve the following specific strategic objectives:

1. Activate the re-development of the designated precincts (and others that may be identified from time to time) by using the provincial properties within each as strategic catalysts (Number and value of properties deployed).
2. Mobilise new investments in the central city by key stakeholders, but with special reference to the private sector and state-owned enterprises (Total envisaged investment amount over a given period, e.g. 10 years).
3. Ensure that a significant component of the business premises that are created will be sufficiently affordable for micro (including informal) sector. (Target stated in percentage terms).
4. Encourage development which supports the expansion of mixed use, mixed income opportunities.
5. Develop a percentage of the residential stock in identified precincts for affordable housing to ensure that poorer households get incorporated into the central city – for example some precincts (such as Oude Molen) are more suited to a residential focus than others.

In order that the above specific objectives are realised through the precinct plans outlined in this document, the project will support the following cross-cutting strategic objectives which are about putting in place the wider conditions for the realisation of the vision and precinct-level objectives:

6. Access to green and vibrant public spaces within walking distance (500m) of all residential buildings with minimum ratio of 9m² of green space per capita.
7. Provision of a variety of exemplary social facilities for all age groups and cultural persuasions.
8. To reinforce transit-oriented development: new developments must be concentrated around public transit and non-motorised facilities so that eventually the Central City is connected by a dense network of safe public transit, non-motorised and pedestrian routes. (All new developments create residential and business premises within 500m of a public transit node or interchange).
9. A fibre optic backbone for the central city that provides a connection to every main intersection thus making connectivity for each city block viable (Definition of main intersection and the number thus providing every building with connectivity at block level).
10. A set of networked infrastructures that will make it possible to access renewable energy, use water efficiently and recycle sewage and solid waste for productive re-use (Targets to be set, e.g. 50% of all energy used to be renewable, all or some of waste recycled, etc).

Of primary significance is the addressing the problem of urban infrastructure as a matter of urgency. The situation is as follows:

- Infrastructure backlogs will prevent the vision from being implemented.
- Business-as-usual technologies and strategies will not resolve the problem, no matter how much money we spend because there are natural limits.
- Local government does not have the funds to invest in what is needed (whether adopting a business-as-usual approach or sustainability technologies, and therefore the entire approach to infrastructure should be premised on the assumption that private sector investments in buildings will be conditional on investments in infrastructure.

It is therefore emphasised as a strategic recommendation that an infrastructure plan be formulated a matter of urgency as a joint initiative of the WCPG and the CoCT.

Note: The requirement for an initial, indicative set of measurable targets of performance against which the results of this project are to be measured is suggested. These are to be defined and refined in the detailed planning phase.

3 SECTION 2: OPPORTUNITIES FOR REGENERATION

The proposed projects are intended to impact at both precinct level, as well as at the wider scale of the central city.

With respect to the proposed projects, notwithstanding its policy, planning and regulatory responsibilities relating to land development, the WCPG proposes to act as a property owner with substantial assets and interest in the future of the central city area. It will act like any other property owner in relation to both the planning and regulatory authority of the CoCT, and the relevant provincial regulatory departments. It will work with its partners to expedite policy decisions and approval processes, and to ensure necessary provision of supporting municipal infrastructure.

The description of the projects outlined below is to indicate the desired outcomes from the projects to its partners and to solicit interest, collaboration and support. It is to be followed by further refinement in relation to market conditions, risks, and financial, developmental and environmental returns. The properties have generally been clustered in distinct development areas based on geographic proximity and their potential impact on local environments or precincts. The clustering is to achieve maximum leverage and impact on the public environments of the precincts and surrounding areas.

The proactive approach of precinct level development is, however, to be modulated in relation to the public sector demand for space, the market, physical and legal constraints, and planning policy. Moreover, the approach is to achieve the greatest impact from these properties, in terms of the strategic objectives set out previously.



Map 1: Locality of Precincts

3.1 Provincial Office Precinct



Photo 1: Dorp Street



Photo 2: Provincial Parliament



Photo 3: Queen Victoria Street



Photo 4: Wale Street

Ref	Site ID	Building Name	Address	Size Of Erf	Construction Area	No. of Floors	No. of Occupants	Occupied By	Building Condition	Comments
1	2812	1 Dorp Street (Utilitas)	1 & 3 Dorp Street	1 752	2 336	B+G+12	190	Environmental Affairs & Planning	Good	
1	6332	4 Leeuwen St	4 Leeuwen St	496		G+4	80	Transport & Public Works	Good	
1	2814	3 Dorp Street (Property Centre)	1 & 3 Dorp Street	897	5 654	M+67	85	Environmental Affairs & Planning	Good	
2	2826	Hugenot Building (Old Synod Hall Drc)	46 Queen Vic St	1 546	4 629	G+3	50	Social Development	Good	National Monument
3	3253	Union House	12 Queen Vic St	588	20 026	B+G+11	358	Social Development	Good	
3	2811	4 Dorp St	4 Dorp St	13 554	0	2B+G+24	812	Health, Premier,	Fair	
3	None	7 & 15 Wale Street	7 & 15 Wale St		0	2B+G+6	240	Premier, Treasury,	Good	Parliament, Premier
4	5483	9 Dorpstreet Complex (Tyne, Moria Buildings)	9 Dorp St	2 742	279	2B+G+9	768	Transport & Public Works	Good	
4	incl	Tyne Building	140 Long St		816	G+1	0	Transport & Public Works	Good	National Monument
4	incl	Dorfman & Katz	142 Long Street		850	G+2	30	E-Innovation	Good	National Monument
4	incl	Wiener Bakery	144 Long St		0	G+3		Transport & Public Works	Good	National Monument??
5	9643	27 Wale Street	27 Wale St	2 902	33 261	B+G+8	447	Local Gov & Housing	Good	
6	18261	City Bowl Block - Loop, Dorp, Bree, Leeuwen	Various	2 851	25 852				Bad	City block purchased 2008 - most buildings rented or vacant

Table 1: Details of Provincial Office Precinct

The proposed project is a provincial government office co-location project clustered in existing (and new) government buildings in Wale and Dorp Streets or in new locations, in which case this is to be motivated and linked to re-development of existing buildings.

The project concept, which is to be fully tested and developed for feasibility, comprises:

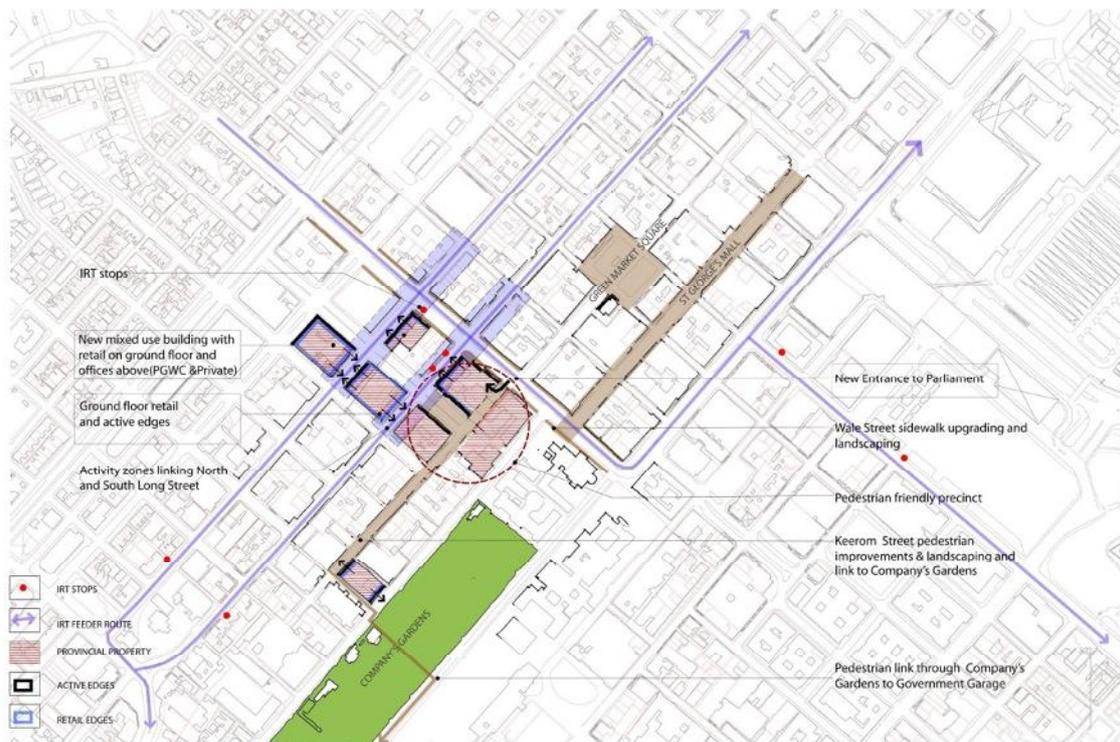
1. Buildings retro-fitted with the latest in environmentally sustainable materials, design, and building services and systems;
2. Shared ICT infrastructure and public information access;
3. Efficient office design and working practice, which is easily accessible to the public. It is to make optimum use of space and reduce life cycle maintenance and operating costs to government;
4. Re-development of ground floors for activation of street space and to capture new commercial revenue potential; and
5. Public environment upgrade in surrounding pedestrian networks and spaces.

City-wide outcomes to be leveraged by this project include direct linkage to central city worker residential development or alternatively a contribution to a residential development fund.



Map 2: Provincial Office Precinct

At urban precinct scale the development concept is to leverage the investment potential to make this a pedestrian-friendly precinct and link it with the Government Garage Precinct via a pedestrian route along Queen Victoria Road and across the Company Gardens. It is to allow for buildings with active edges and retail on the ground floor, especially focussing on creating activity zones along Long, Loop and Leeuwen Streets. Pedestrian improvements and landscaping are proposed Keerom and Wale Streets.



Map 3: Provincial Office Precinct Development Concepts

3.2 Artscape Precinct



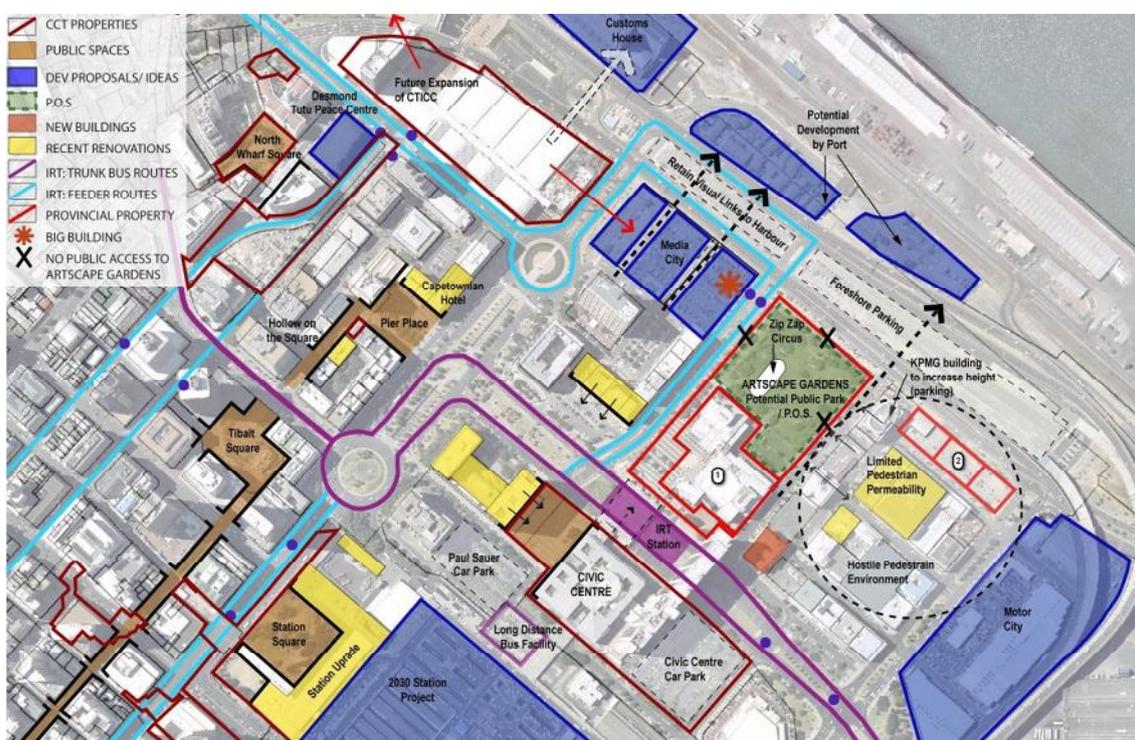
Photo 5: Southwest View of Artscape Gardens



Photo 6: View towards KPMG Building & Parking Lot Gardens

Table 2: Details of Artscape Precinct

Ref	Site ID	Building Name	Address	Size Of Erf	Construction Area	No. of Floors	No. of Occupants	Occupied By	Building Condition	Comments
1	2969	ArtsCape	DF Malan Street	42 090	33 850	G+4		Theatre	Good	
2	5719	Roggebaai Parking	Table Bay Boulevard	10 126				Rented out	N/A	



Map 4: Artscape Precinct

Artscape and its environs, including the Cape Town International Convention Centre, the Artscape Gardens and the Desmond Tutu Museum, present an opportunity for the City to host major exhibition and cultural events, adding business opportunities to medium and small scale hospitality, cultural and creative industries, and to tourism and marketing businesses.

The proposed development concept for the Artscape precinct project includes improved pedestrian permeability, an improved public environment and new mixed use development on the provincial properties. The pedestrian route between the Artscape Gardens and the Cape Town Station is to include a series of public spaces. This

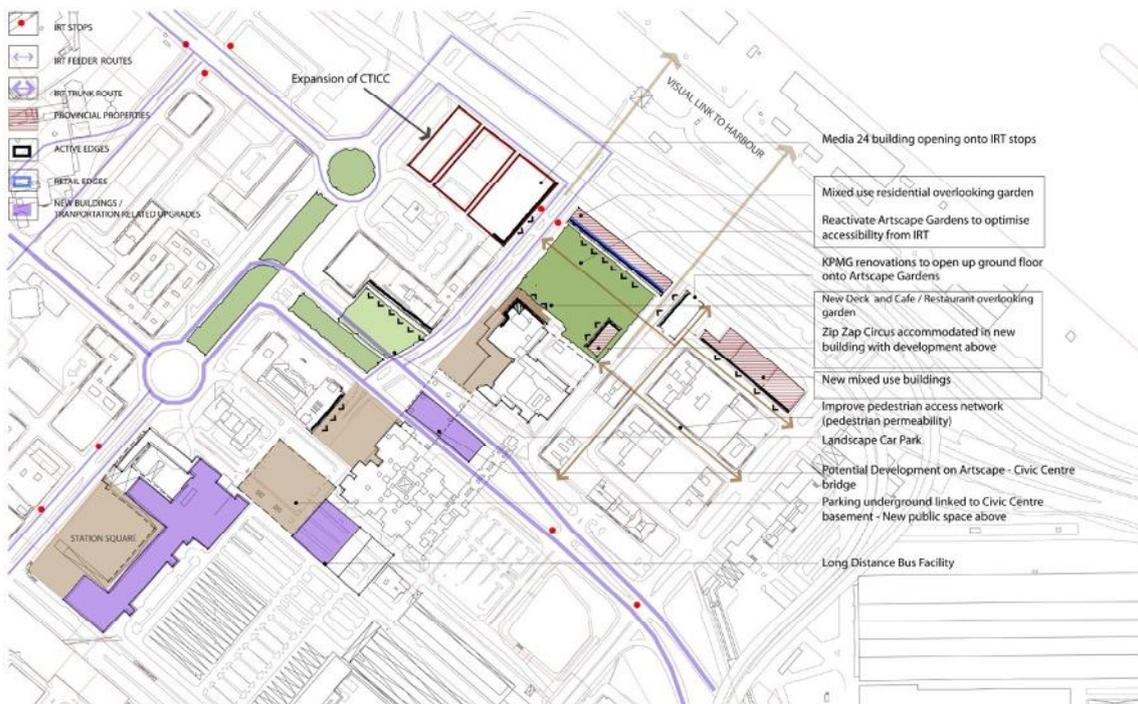
concept should be aligned to a foreshore urban design plan and agreed with the CoCT and other private sector interests in the precinct

The proposals include a narrow development on the edge redevelopment of the Artscape Gardens backing onto the Foreshore Freeway, a second development parcel along Martin Hammerschlag Way and the development of the gardens into a new public city square with underground parking. These developments should result in activity into the gardens and street respectively.

It is proposed that the Artscape building should also be refurbished to include a new deck, restaurant and buildings overlooking the gardens. The new buildings could include some residential development integrated with artists' workshops and small specialist retail and entertainment space, and accommodation for the Zip Zap circus.

The potential development of the Artscape Civic Centre bridge will enhance the opportunities associated with improved pedestrian accessibility in the area and could improve pedestrian comfort by offering wind protection and shade on the bridge. It links directly to the new IRT station located beneath the bridge.

It is further proposed that the ground floor of the KPMG building open up onto the Artscape Gardens and the new development on D.F. Malan Street should open up onto the new IRT stop.



Map 5: Artscape Precinct Development Concepts

3.3 Government Garage Precinct



Photo 7: Cape Town High School



Photo 8: Government Garage



Photo 9: Robbie Nurock Community Health Centre

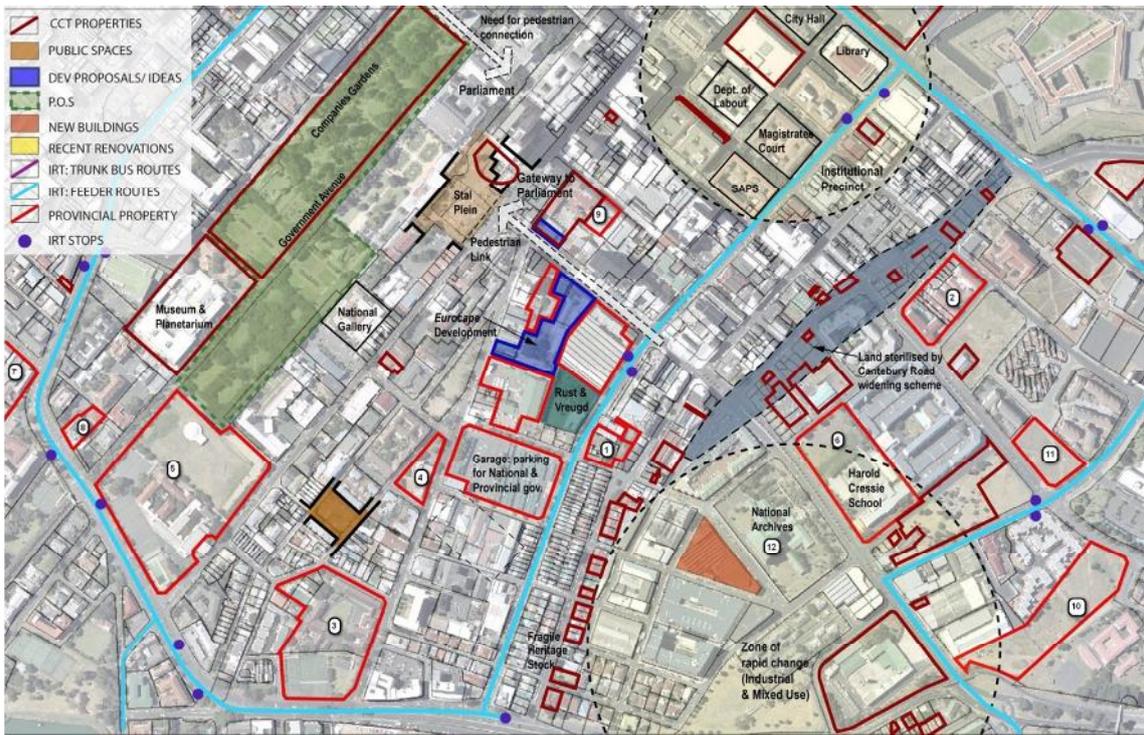
Table 3: Details of Government Garage Precinct

Ref	Site ID	Building Name	Address	Size Of Erf	Construction Area	No. of Floors	No. of Occupants	Occupied By	Building Condition	Comments
1		Robbie Nurrock Day Hospital	Buitenkant Street		1 895			Health - Clinic	BAD - Historical Value	
2	2924	Peninsula Maternity Hospital	Primrose Street	6 637	0	B+G+1		Artscape Wardrobe Department	Bad	
3	1809	Good Hope Seminary High School	Hope Street	51 446	6 441			School	Good	
4	3302	Hope Street Dental Clinic	8 Hope Street	3 695	984			Health - Clinic	Good	
5	1984	Cape Town High School	96 Hatfield Street	65 202	8 455			School	Good	
6	2692	Harold Cressy High School	15 Drurv Str, Oakdale, Zbloem	13 943	4 385			School	Good	
7	2966	68 Orange Street & Labia Theatre	68 Oranae Street	5 479	1 580			Rented to Gamblina Board & a theatre	Good	
8	6377	Old Medical School Building	31-37 Orange Street, Gardens	0	0			Rented to UCT - was State Pathologist		empty
9		Aulux House	10 Commercial Street, CT							
10	1436	Trafalgar High School	Birchinaton Road, Zonnebloem	29 637	3 603			School	Emptv erf	
11		Erf 11464	Cnr Tennant & Constitution					Vacant land	Opposite CPUT	
12		Cape Archives	Roeland Street							

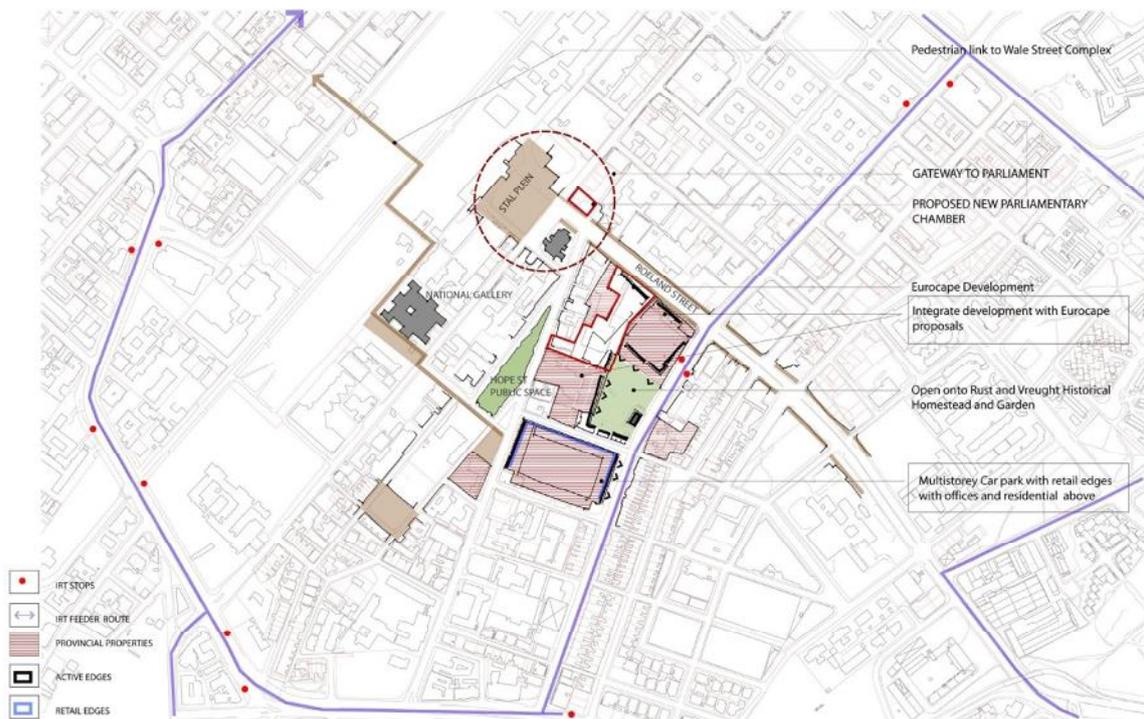
The redevelopment of the cluster of provincial properties abutting Roeland, Hope and Buitenkant Streets a new pedestrian link to the provincial parliament and administration precinct is proposed. This development should be integrated with adjacent private sector development plans, allowing for retail on the ground floors and office and residential development above.

The government parking and garage uses should be rationalised into a single building or moved to a new location. The development concept is a new multi-storey car park with mixed used edges, including retail on the ground floor, with residential and some office above. The pedestrian link and public spaces should be upgraded and landscaped.

Residential densities should be increased in this area and a fine grained, mixed use character be promoted. It is further suggested that the height of buildings should be increased along Roeland Street and graded down away from it. The development in the area must be sensitive to the surrounding heritage fabric, specifically the historic Rust & Vreugd homestead and garden which is surrounded by the properties concerned.



Map 6: Government Garage Precinct



Map 7: Government Garage Precinct Development Concepts

3.4 Somerset Hospital Precinct



Photo 10: Parking Courtyard at Cape Town Old City Hospital



Photo 11: Courtyard at Cape Town Old City Hospital



Photo 12: Courtyard at Cape Town Old City Hospital



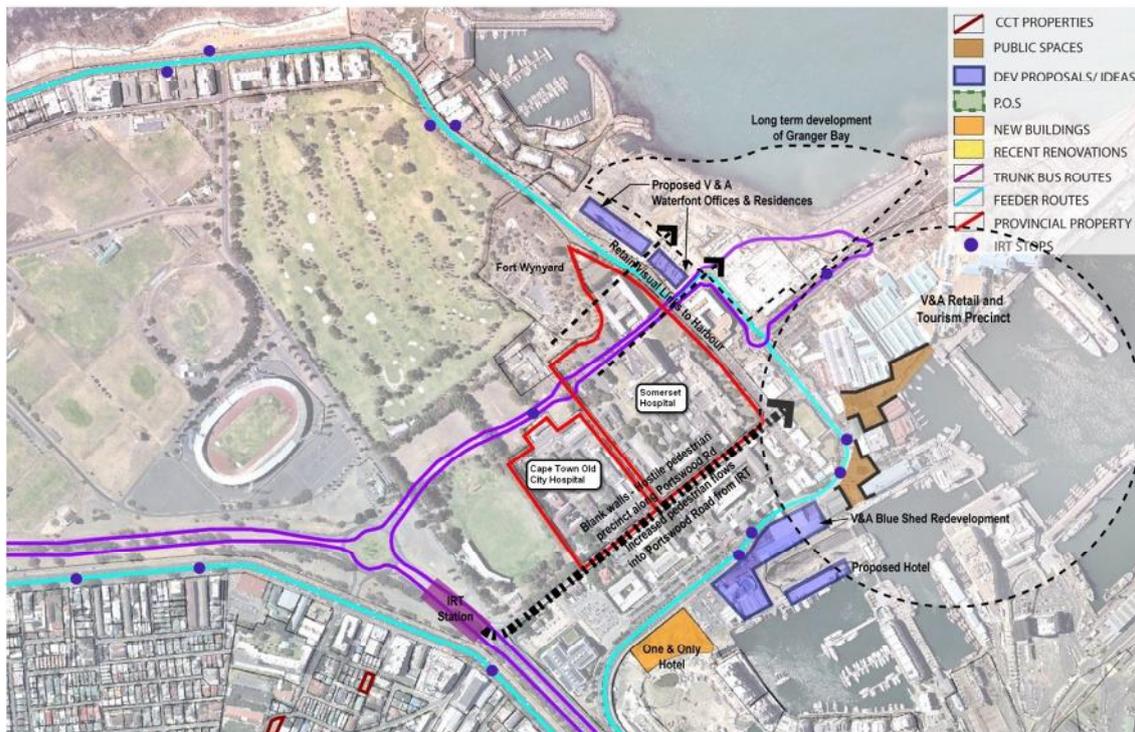
Photo 13: Somerset Hospital



Photo 14: Inner Courtyard at Somerset Hospital



Photo 15: Somerset Hospital

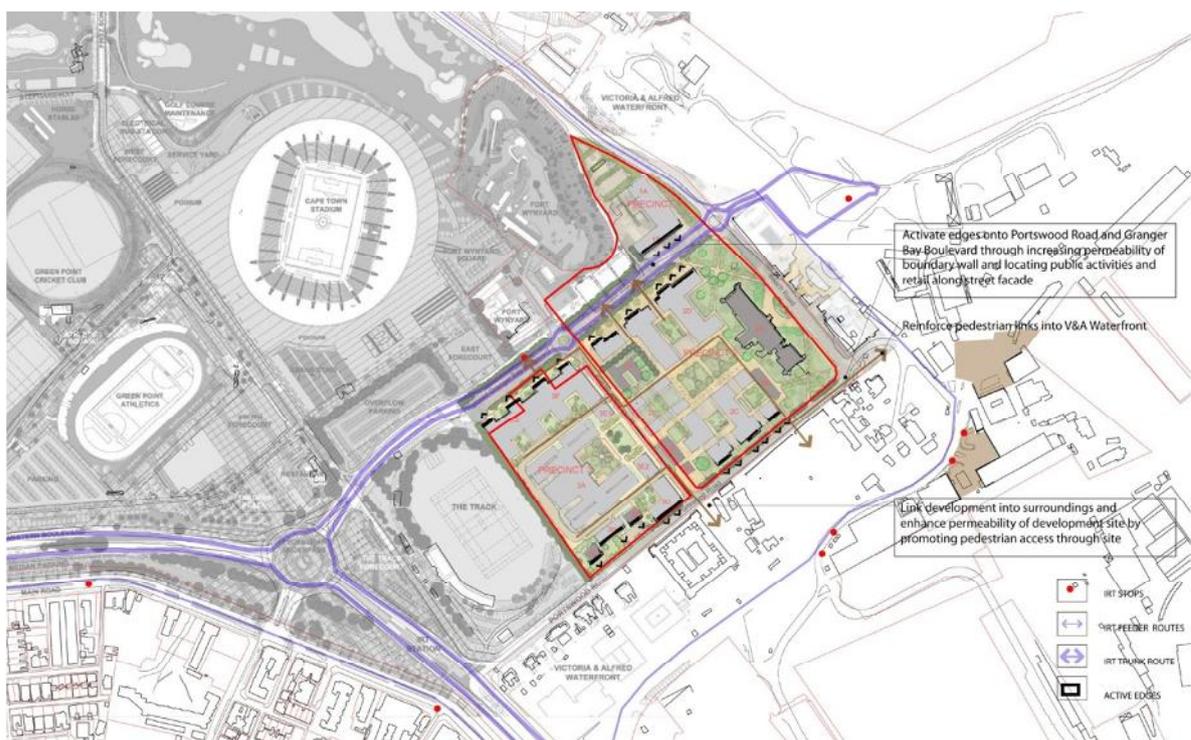


Map 8: Somerset Hospital Precinct

The current proposals for the Somerset Hospital site allow for mixed and more intense land uses, which may include a new hospital or Community Healthcare Centre, hotels, residential development, a museum, offices and retail. In addition to the existing proposals the following proposals should be included in the development concept:

1. That a cost/benefit analysis be undertaken immediately on the possible relocation of the Somerset Hospital to the Milnerton area where such a facility is dearly needed. A small portion of the site could be retained for the development of a Community Health Centre facility by the WCPG as a separate project.
2. The site currently allocated to the nurses' home should be considered for evacuation and the site made available for development without delay.
3. The new development should have active edges onto Portwood Road and Granger Bay Boulevard, through increasing permeability of the boundary wall and locating public activities and retail along the street façade.
4. The proposed development should be linked into the surroundings and the permeability of the site should be enhanced by promoting pedestrian access through the site.
5. The development should reinforce pedestrian links into the V&A Waterfront.

It is recommended that urgent high level approval be given to enable completion of the final aspects of work in order to obtain an Environmental Impact Assessment Record of Decision and submit the rezoning application to the CoCT.



Map 9: Somerset Hospital Precinct Development Concepts

3.5 Prestwich Precinct



Photo 16: Alfred Street



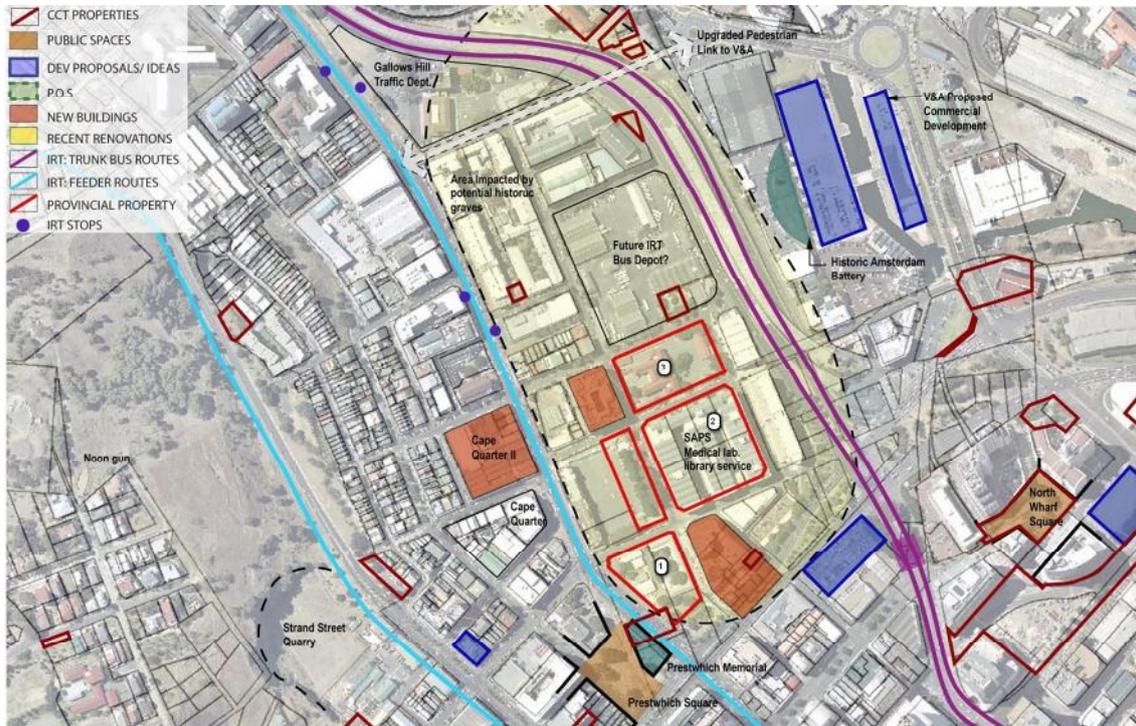
Photo 17: Prestwich Soils Laboratory



Photo 18: Prestwich Street Primary School

Table 4: Details of Prestwich Precinct

Ref	Site ID	Building Name	Address	Size Of Erf	Construction Area	No of Floors	No of Occupants	Occupied By	Building Condition	Comments
1	5898	Prestwich Soils Lab - Roads	Somerset Rd/ Chiappini St	5 496		G		Transport & Public Works	Good	
2	2873	Alfred Str / Chiapinni Str Complex	Alfred/Chiappini/Prestwich St	14 789	54 228	G+		Police and storage - part site is on Salesians school ground	Fair	Rented out to Police
3	None	Prestwich Street Primary School	Alfred/Prestwich St					Primary School		



Map 10: Prestwich Precinct Development Concepts

This precinct forms a link between the central city and the Waterfront. The proposed concept for this area includes optimising provincial property development opportunities

in the precinct, improving the pedestrian environment and providing a new pedestrian link under the freeway bridges to the V&A Waterfront.

The PGWC should undertake an investigation on the costs and benefits of relocation of the Government Soils Testing Laboratory to a site outside the city centre making the site available for re-development.

A similar investigation should follow regarding the relocation of the store facilities (library stores, medical depot and others) so that the remainder of the site can be made available for development.

The new development should be mixed-use buildings with active street frontages on the ground floor. This will contribute to a more pedestrian-friendly environment whilst pedestrian improvements are also proposed along Prestwich Street, a route that parallels the Cape Town Stadium fan walk along Somerset Road.

The Alfred Street building should be refurbished and new tenants be secured. The Prestwich Primary School should be retained and supported but can be consolidated into a new Prestwich Urban School Complex.

The Soils Laboratory site should be developed as a substantial new mixed use building facing onto a new public square. The new public square should complement the St Andrew's Square especially as the area marks the CBD & Stadium Precinct Gateway.

In addition to the redevelopment of the provincial buildings, perimeter development with active edges should be allowed around the IRT Bus Depot and the redevelopment of Gallows Hill should be considered. This will further optimise the development potential of the precinct, increase activity and contribute to an improved pedestrian environment.



Map 11: Prestwich Precinct Development Concepts

3.6 Oude Molen, Valkenburg and Alexandra Hospital Precinct



Photo 19: Vegetable Gardens with view to Lions Head



Photo 20: Old Ward Buildings at Oude Molen



Photo 21: Old Ward Buildings at Oude Molen

Table 5: Details of Oude Molen, Valkenburg and Alexandra Hospital Precinct

Ref	Site ID	Building Name	Address	Size Of Erf	Construction Area	No. of Floors	No. of Occupants	Occupied By	Building Condition	Comments
1	2884	Valkenberg Hospital	Liesbeeck Parkway, Obs	68 888 200	59 956			Hospital		
2	2872	Alexandra Hospital	Alexandra Way, Pinelands	31 545 382	52 479			Hospital		
3	7073	Oude Molen Estate	Observatory/Pinelands	71 106 240				Disused hospital		



Map 12: Oude Molen, Valkenburg & Alexandra Precinct

What is generally referred to as the Oude Molen site is a provincially owned property within the 8km perimeter of the CBD. The site is currently dominated by buildings that used to house a section of the Valkenburg Hospital. One corner of the site is still used for a high security mental health facility under the auspices of the Provincial Health Department. The rest of the site has been legally and illegally occupied now for some years by a mixture of residents and businesses that have created a self-made eco-village. The Alexandra Hospital site is in the same area and is also clearly a strategically located publicly owned asset that could be used for a different purpose.

The Oude Molen and Alexandra Hospital sites could be redeveloped as a mixed use sustainable neighbourhood comprising socially mixed residential facilities, including commercial premises and urban agriculture. The existing buildings can be retained and redeveloped as the core of a high density environment characterised by street level commercial/retail businesses with residential accommodation in the upper floors. Key buildings, such as the Manor House at Oude Molen, will need to be conserved as heritage sites for public use. New buildings will need to be built in available spaces to create a model of the kinds of high density environments that will be necessary in the future.

The envisaged high density mixed use living and working environment will need to be integrated into the so-called 'Twin River' conservation context that links these sites to the wider regional environment. One option to be investigated is the redevelopment of the Oude Molen and Alexandra Hospital sites in accordance with a 'public value' approach that will make it possible to generate funds that will help to support the aims and objectives of the 'Twin River Urban Park' (TRUP) conservation and public open space strategy.



Map 13: Oude Molen, Valkenburg & Alexandra Precinct Development Concepts

Finally, it is worth noting that this precinct has a limited service infrastructure with respect to energy, water and, in particular, sanitation. This is why any development in this precinct will have to maximise the use of on-site renewable energy technologies, maximise water efficiencies and treat all sewage on site in bio-gas digesters and related secondary treatment systems that will for example make it possible to feed the treated sewage back into the buildings for the purpose of flushing the toilets.

What is unique about the Oude Molen development is that it may well provide one of the very few opportunities for including a significant section of subsidized low-income housing into the Central City in an economically viable manner.

4 SECTION 3: IMPLEMENTATION STRATEGY

The WCPG intends to use its property portfolio in the central city area to contribute to the area's social, economic and environmental transformation. It seeks to refurbish and develop its properties for greater operational and cost efficiency and to create an income stream for the Province. To effect these changes financing, experience, capacity and good communications are required.

The main purpose of the implementation strategy therefore is to recommend how these resources can be mobilised while at the same time ensuring public sector accountability and compliance with the strategic development objectives that have been outlined.

4.1 Preconditions for Success

The projects must at all times conform to the National Treasury (NT) requirements for public private partnerships as set out in the PFMA. Three procurement options are available i.e. the PPP route, conventional lease agreements and management of unsolicited bids. All these are subject to Treasury prescripts.

Although the NT will be used as a "clearing house" to ensure conformity and compliance through all the planning stages not all the projects will necessarily be classified as PPPs. In certain cases, where the project is conceptualised in such a way that risk is not transferred to the State the project could be managed through the department's own procurement processes. This is especially the case where properties are made available for development without 'strings' attached. Decisions of this nature will, however, be taken in consultation and agreement with the National Treasury. Unsolicited bids will be run in terms of the relevant Treasury prescripts as and when they are received.

Foremost for success, is securing the support and interest of the private sector and of the public generally. A first step in this direction is to demonstrate coherent and decisive action in getting one of the precinct projects, perhaps the Somerset Hospital project implemented as soon as possible. This will send a strong signal to the market.

Secondly, it is important to demonstrate that it is not business as usual; that there is indeed an intention to do things differently, quickly and reliably. An announcement of a new partnership with support of both public and private sector partners, one which is credible in the central city property marketplace, could do this.

4.2 Implementation Start-up Proposals and Recommendations

It is recommended that the WCPG:

1. Appoint a Project Officer who must head up a well-resourced Project Office that must be mandated by the Provincial Cabinet to act on behalf of all

Departments so that the Provincial Government can be seen as acting as a coherent corporate entity rather than as separate Departments, each with their own agendas and procedures;

2. Agree with the CoCT on a shared vision for the Central City, joint actions, planning alignment and roles and capture these in an MoU;
3. Create a coordination mechanism to integrate and align planning, roles etc between WCPG, CoCT and PRASA/Transnet;
4. Set up a private sector reference group with the support of the Cape Town Partnership;
5. Extend the services of the Cape Higher Education Consortium (CHEC) to develop the next phase of this strategic framework to be incorporated in the Terms of Reference of the Transaction Advisors to be appointed;
6. Proceed immediately to prepare tender documents to procure the services of one or more Transaction Advisors for PPP processes or (where necessary) for non-PPP arrangements facilitated via the normal tender procedures.

The Transaction Advisors will be required to prepare the tender documents for the prescribed private sector bidding process that will secure the partnerships with contractors, developers and financiers.

The proposed institutional arrangements are indicated hereafter.

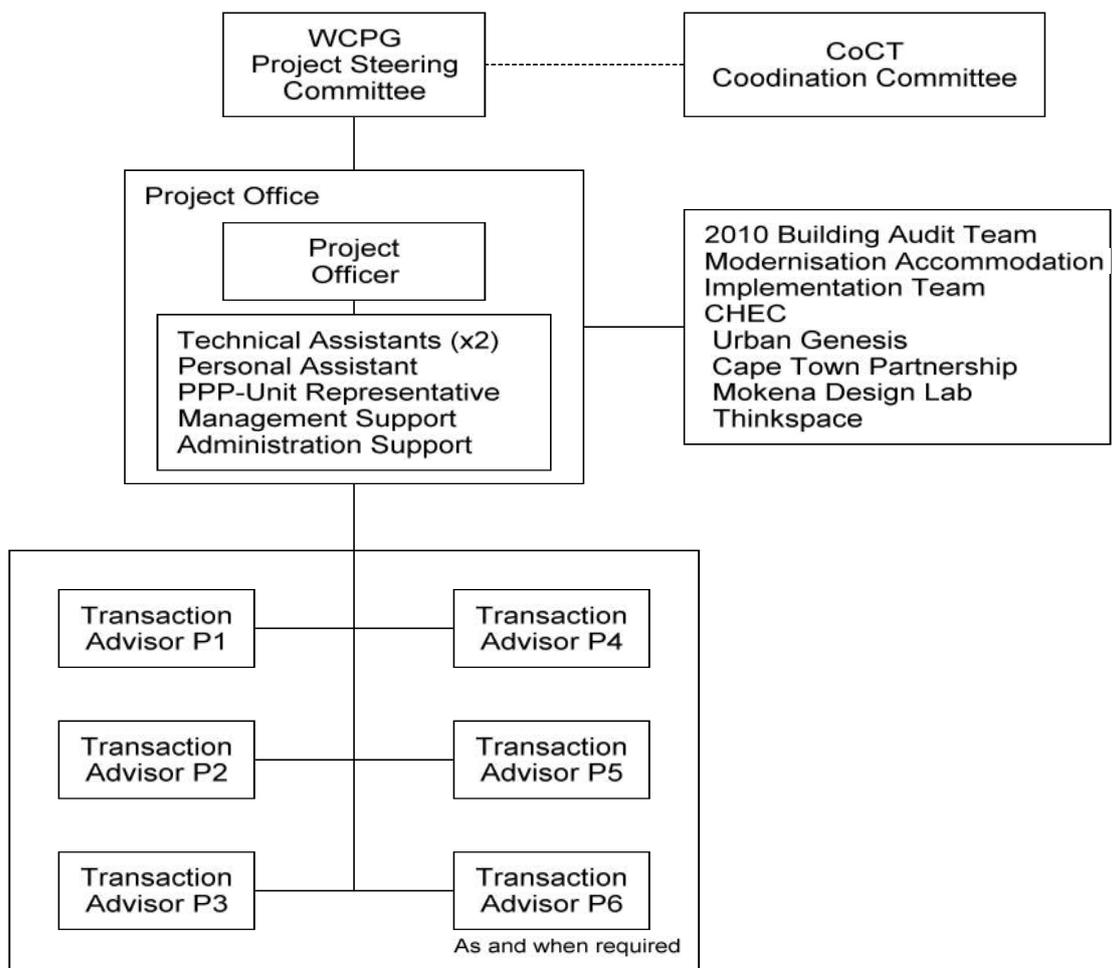


Figure 1: Proposed Institutional Arrangements

The WCPG needs to apply dedicated, well resourced capacity to this programme if it is to succeed in its financial and developmental objectives. It is one integrated programme and requires support and joint responsibility across other departments of the provincial government. The Provincial Government must, therefore, determine its full commitment of resources for the duration of the full programme. In this respect the Project Office must be established immediately to set up the program and secure the services of the various technical resources for the precinct-level development planning and for securing the services of transaction advisors to prepare the financial feasibilities and contractual documentation.

In parallel with the process outlined above, the Province should look into the establishment of a dedicated provincial agency or separate government entity to implement and manage the program in future beyond the immediate project preparation and partnership facilitation stage. The proposed agency or entity, if it is considered necessary to be established, would have its own brand and management capacity, and should be able to use development profits generated to re-invest in the public domain.

The Province must indicate clear policy direction on implementation arrangements, including the functions it is to perform itself, with the necessary political commitment at the highest level.

Finally, it is vital to demonstrate legal and procedural viability and certainty regarding implementation arrangements for the program, and the properties to be developed, i.e. that it is legally permissible and that land development related agreements will be upheld. To this end it is recommended again that in all instances the program and the related projects assume the procedure and requirements of the PFMA regarding public private partnerships and obtain all the required approvals from the Provincial and National Treasuries where necessary. In other instances where a PPP is not required process will be conducted by the Project Management Office.

4.3 Financing

The Department has earmarked a total of R30million over 3 years (2010-2013) for purposes of detailed planning, feasibility studies and getting project prepared for implementation.

In addition an amount of R10million over two years is being set aside to undertake an audit of provincial office accommodation. A large portion of latter amount will be utilised to obtain vital property information on properties in the selected central city precincts, as well as the remaining properties in the CBD.

Over and above these amounts the department has earmarked R100million in the 2012/13 financial year for this program. This amount has not been allocated yet to any specific projects. It is suggested that it be utilised, for example, on relocation of the Roads Soil Laboratory and the Government Garage to alternative locations to enable release of property for development. The work should be undertaken by the Project Office through the department's conventional procurement processes.

Subject to detailed feasibility studies and motivation of business cases, the provincial treasury should be approached to provide bridging finance to facilitate the relocations necessary related to the Somerset Hospital, Chiapini Street and Government Garage, as these will be essential for progress to be made.

Realistically, given government expenditure priorities, the WCPG must find ways of raising private sector finance and developing appropriate management capacity and skills if it wants to achieve its strategic objectives. The PPP model as defined by the PFMA has been identified as the appropriate mechanism for this, but it is not in all instances that the projects will be subject to a PPP process. The institutional and management to leverage private financing and to achieve the strategic objectives of this programme must therefore remain open for further investigation. Such a mechanism must ultimately be able to:

1. Raise development finance to supplement the property assets and the province's own budget contributions.
2. Invest in the selected provincial land holdings and any capital budgets, optimise financial returns and minimise any related risks.

3. Leverage private sector contributions towards identified strategic development objectives.
4. Enable participation of the provincial government directly or through managed service providers and partners in the value adding processes of property development and property and facilities management.
5. Ring-fence incomes generated for use in achieving strategic objectives.
6. Ensure compliance with its vision and strategic developmental objectives as detailed in a set of measurable indicators for each project.
7. Mobilise stakeholder support and resources.
8. Implement the user-pay concept as soon as possible.
9. Explore opportunities for donations (donor management effort) and various forms of subsidies e.g. Eskom, CO₂ credits etc.

There are two options to achieving these objectives. For certain properties it will be necessary to use the Provincial and National Treasury's PPP procedures as set out in the PFMA. These procedures define the institutional mechanisms for implementation of the projects and in doing so enable private financing and the capacity and skills of the private sector.

The PPP approach will be needed where the Provincial Government is required to take on some financial risk. However, where risk is no risk, extremely limited or it can be appropriately ring-fenced it will be possible to use the normal procurement and tender procedures, what will be referred to in this document as the "normal tender approach".

The normal tendering approach is applicable in instances where the WCPG can make land available by means of a land availability agreement and a long lease to the private sector for the building of facilities required by the Provincial Government, for example. This is a substantially simpler and faster procedure than the PPP approach, it is, however, a procedure that will require the approval of the National Treasury's PPP-Unit.

4.3.1 Types of Property Transactions

The types of transactions to leverage private finance through the PFMA PPP processes or the normal tender approach can be one or a combination of the following:

1. Use property as equity in a joint development with the private sector in exchange for rental returns which are shared over an agreed period after which the property returns to government or is sold with an equity pay-out.
2. Make its land available (legally commit) to be used on long lease subject to the private sector raising the funds for planning and development within a given timeframe. The agreement, with negotiated conditions, would enable the private sector to raise funds from capital markets on the basis of a viable development concept and, under current market conditions, at least 60% of tenants signed on.
3. Use government buying power, as tenant to raise capital by offering a lease to private financial institutions, directly itself or via a private developer. Capital raised in this way can be used for redevelopment and for on-going operation and maintenance.

4. Other methods are sale of property where it is needed or where there is demonstrated developmental value-add, additional to normal investment, or in exchange for purchase or investment in property or new property development elsewhere.

The PPP transactions, on one or more properties should be clustered in a fashion that yields the highest financial and developmental return in terms of the program and projects strategic objectives.

All revenues derived from transactions which are part of this program must be ring-fenced for use in implementation of the strategic objectives of this program and projects.

4.4 PPP Procedure for Approval

The following is therefore recommended to support the implementation of the PPP approach. It aligns directly to the requirements of the legislated Public Private Partnership (PPP) procedure.

The PPP process, in terms of Treasury Regulation 16 of the PFMA9, sets out 6 phases to the project cycle. The process is reported to take between 18 and 24 months. The Project Office will work closely with the National Treasury PPP-unit to expedite this process.

The phases include inception, which requires registration of the program and project and the appointment of a project officer or project champion and a transaction advisor. This is followed by a feasibility phase leading, through a process of approvals by the National Treasury, to procurement of a private sector partner, development, delivery, and exit.

The process is not quick, simple or inexpensive and therefore requires selective use. Further, it is advisable that projects are carefully selected to ensure maximum financial and developmental return for the effort.

4.4.1 Project Officer's Functions

The functions to be performed by the Project Officer and the supporting technical and advisory capacity in the implementation process are as follows:

1. Securing support of the Treasuries for the proposed implementation approach ensuring compliance with PPP procedures.
2. Planning and formulation of detailed development plans and undertaking of feasibility studies for each project which are to form the basis for preparation of tender documents and for adjudication of proposals from the private sector.
3. Preparation of a detailed market-related strategy, prioritising and sequencing of projects to maximize financial and development benefit. Related to this is the preparation of a set of measurable development impact criteria for each project.
4. Develop asset management strategies to maximise value and developmental return on the property portfolio.

5. Investigate the requirement for and viability of a separate management entity in relation to an internal change management plan in the WCPG and subject to these findings,
6. Develop a change management plan to drastically improve the Provincial Property and Facilities Management function - from leasing to operation and maintenance and facilities management of buildings.

4.4.2 Program and Project Initiation

An agreement has been reached between the NT PPP-Unit and the WCPG that the process can commence without formal registration of the program and projects with the NT-PPP unit but that the WCPG will be guided by it even before formal registration to ensure that the work undertaken is in line with PPP legislative requirements.

Formal registration should be made only after consultation and approval by governance, and once there is certainty and a business case to proceed, as proposed above.

Project Officer

It is recommended that a Project Officer be appointed from within the PGWC, as required by Regulation 16 of the PFMA.

Transaction Advisor

It is also recommended that the Project Officer draft the Terms of Reference and profile for a suitable Transaction Advisor for each of the proposed projects. The Transaction Advisors should have a thorough understanding and experience of the property supply chain and how to maximise value from a portfolio of properties and should ideally also understand government policy and development planning processes.

The provincial government is to advertise for, and appoint the Transaction Advisors, who will report to the Project Officer. It needs to be noted that a Transaction Advisor is a highly skilled individual who is normally sourced from specialist private sector firms - there are not many available in South Africa and can be very expensive.

4.4.3 Feasibility Study

The Project Office, including private sector resources, working under the supervision of the Project Officer will formulate development plans and feasibility studies for each of the selected projects.

These studies will be undertaken in terms of the requirements for PPPs set out by the PFMA and administered by the National Treasury PPP unit. A working relationship has already been established with the National Treasury PPP unit.

4.4.4 Procurement

The Feasibility Study approval by the PPP-Unit - Approval IA, is followed by the procurement stage.

The Project Officer, with the Transaction Advisors, must design and prepare tender documentation and draft PPP agreements for a fair, competitive and equitable procurement process. This must also be approved by the NT PPP unit - Approval IIA.

The next step is to implement the procurement process itself as specified and approved. Bids are requested from the private sector, received and compared with the feasibility study and each other, before a preferred bidder is selected.

Treasury approval IIB cannot be given without a value for money report. This approval is followed by negotiation with the preferred bidder and finalisation of the PPP agreement management plan - concluding with Approval III and followed by signing of a PPP agreement.

4.5 Project Selection and Sequencing

The first step in implementation should be preparation of a high level business case for each project and a decision matrix which identifies potential constraints and risks to (rapid) implementation of the program and projects, and to achieving the strategic objectives set out in this document.

This assessment should also give consideration to the property market to determine the benefit and impact of release of the property stock produced, into the market. The aim is to ensure maximum benefit to the city and to the Provincial Government.

4.6 Development, Delivery and Exit

It is anticipated that the terms and conditions for development, delivery and exit will be project-based and the role and capacity requirements of the WCPG will be shaped by agreements with the private sector in each project.

If the Provincial government decides to establish a dedicated Agency and there is a real business case for the establishment of such an agency the corporate form proposed is of a 'Government Component' as defined in the PFMA.

4.7 Development of a Strategic Infrastructure Plan

Bulk infrastructure capacity and availability is a key obstacle to the future redevelopment of the Central City. In some cases it can be expected that approvals for future development will depend on significant investments in infrastructure - investments that the public sector on its own cannot afford. In this context infrastructure includes:

1. Water supplies;
2. Sanitation services;
3. Energy supplies;
4. Solid waste management;
5. Mobility (including road, bus and rail transit, goods movement and related logistics, non-motorised mobility such as pedestrian and cycling routes); and
6. Telecommunications and data infrastructure (in particular broad-band which requires fibre optic cabling and related transmission nodes).

Three recommendations are made in respect of the Strategic Infrastructure Plan:

1. The Terms of Reference for the Strategic Infrastructure Plan must reflect the sustainability perspective articulated by the Premier in her State of the Province Address.
2. Additional funds need to be committed to the formulation of this plan so that the CoCT is not expected to carry the burden alone.
3. The Terms of Reference should stipulate that private sector financial expertise should be incorporated into the team to investigate funding models that go beyond dependence on limited government budgets.

4.8 Cross-Cutting Actions

While the institutional arrangements for implementing the CT-CCRP are being set up, the following cross-cutting actions will be necessary to support the strategic planning process:

1. A property market assessment is needed that will guide the release of properties within precincts and prioritize the development of different precincts. It will be unwise to flood the market with new property development opportunities. At the same time, it needs to be recognised that major public sector investments such as the Cape Town Station and Harbour Redevelopment projects can stimulate demand and complementary investments.
2. Building on the CoCT's densification strategy, more detailed guidelines are needed to guide development approvals that actually result in densification. This will need to include concentrating new developments around public transport nodes and strengthening the city boundary to discourage further urban sprawl.
3. All key stakeholders will need to contribute to the funding of a thorough, detailed and comprehensive Strategic Infrastructure Plan. Without this, the majority of the proposals contained in this document will not materialise.
4. Further investigation of the legal, spatial, aesthetic and heritage constraints will be needed to make sure there are no major obstacles in the way of the precinct plans.
5. Finally, it will be necessary during the next phase of planning to translate the Strategic Objectives into a detailed set of performance criteria. Specifically, this means giving each Strategic Objective a set of measurable that can be used to evaluate progress as the overall CT-CCRP unfolds.

5 RECOMMENDATIONS AND CONCLUSIONS

This Strategic Framework was developed as a response to the emerging vision as expressed in existing public documents. The introduction to this document describes the context in detail and identifies three purposes for this Strategic Framework

1. It summarises the Emerging **Vision for the Future of Cape Town** expressed in various ways in existing public documents. This is discussed in Section 2.
2. It clearly defines **Opportunities for Regeneration** and the role that the WCPG will play to promote this vision within the mandates and means at its

- disposal. Section 3 identifies six precincts and goes on to provide a high level development framework and some creative and innovative proposals for each.
3. It describes the **Implementation Strategy**. Section 4 describes the principles that will inform a final formulation of the institutional mechanism to be used to effectively manage the investments and transactions that are its direct responsibility, ensuring that these are aligned with and enhance the totality of investment by the City as well as other public sector and private investors.
 4. Section 5 concludes with a summary of the important recommendations and proposals.

These recommendations and proposals are to be found throughout the document and are divided in two broad groups i.e. those related to the development of the six proposed precincts; collectively defined as the scope of the project; and those related to facilitation and implementation of the project.

5.1 Recommendations on Precincts

The proposed development of the six precincts is addressed in detail in Section 2. It can be summarised as follows:

1. Provincial Office Precinct: Test the assumption that all HO accommodation can be co-located in this precinct. The development of the Leeuwen/Loop street development should be investigated as a conventional PPP..
2. Artscape Precinct: The precinct should be commercialised, while an MoU or partnership agreements with CoCT, CTICC and private sector partners would be required to ensure integrated development of the precinct.
3. Government Garage Precinct: The top-yard could be made available in the short term while the relocation of the entire Government Garage would make the valuable property available for development.
4. Somerset Hospital Development: Parts of the precinct can be made available in the short term while the relocation of the hospital and the construction of a Community Health Care facility should be investigated.
5. Prestwich Precinct: Certain of the functions can be relocated in the short term and parts of the precinct be made available for development. The nature of the precinct is such that an integrated overarching development plan is required before any new developments are considered.
6. Oude Molen, Valkenburg and Alexandra Hospital Precinct. A complete urban development plan must be developed for the entire precinct.

For each precinct a high level conceptual urban design is included and a number of theoretical and conceptual proposals are made. These concepts will be tested and developed further in compliance with the suite of regulatory and strategic documents referred to in Section 1.

5.2 Recommendations on Facilitation and Implementation

The remainder of the recommendations can be divided in two groups, firstly on the basis that certain preconditions for success are satisfied and secondly a group of recommendations that consist of start-up criteria, implementation, financing, PPP

procedures and NT approval, project selection and sequencing, infrastructure assessment and lastly cross-cutting actions.

5.2.1 Preconditions for Success

These consist of the following:

1. Sign an MoU with National Treasury PPP-Unit;
2. Obtain support from partners and the private sector;
3. Focus on “Quick Wins” and “business unusual”; and
4. Marketing and communication of the effort.

5.2.2 Start-up and Implement

Steps to be taken to start and implement the project focus on:

1. Appoint a project officer tasked to secure support of Treasuries;
 2. Prepare detailed development plans;
 3. Develop integrated management strategies;
 4. Plan and undertake Change Management;
 5. Do Program and scheduling;
 6. Capacitate the Project Office;
 7. Affect the required institutional arrangements relating to oversight and coordination;
1. Procure the services of Technical Assistants to support the project office.
 2. Undertake research related to the establishment of a separate entity/agency;
 3. Define procedural arrangements and undertake process mapping
 4. Financing

Proposals and recommendation focus on the following:

1. Secure budget;
2. Ring fence income;
3. Implement user pays;
4. Explore opportunities for donations;
5. Manage financial risk;
6. Research and pursue alternative sources;

5.2.3 PPP Procedure, Requirements and Approval

Throughout this strategic framework strict compliance with NT PPP prescripts is emphasised. These regulations guide:

1. Program and project initiation;
2. Preparation of projects for registration as PPPs;
3. Formal appointment of the Project Officer;
4. Procurement of Transaction Advisors; and
5. PPP Feasibility Studies and Procurement.

5.2.4 Project Selection and Sequencing

The team recommends the following:

1. High level business case for each precinct;

2. Decision making matrix for prioritisation;
3. Property market assessment; and
4. Feasibility studies, procurement- and exit strategies,

5.2.5 Monitoring Evaluation

1. The develop and assessment and auditing indicators is recommended in Section 1

5.2.6 Cross Cutting Actions

1. Foundation studies, market assessments, densifications strategy;
2. Environmental analysis (legal spatial aesthetic heritage traffic etc; and
3. Undertaking of an Infrastructure assessment is submitted as an urgent recommendation.

Finally: It is clear that the Provincial Government not only has the duty to develop its properties to achieve environmental social and economic strategic objectives but that it also has the means, the plans and the support to successfully implement this ambitious project.