



Voices of Developers and Municipalities

Creating more inclusive cities through co-operation



Urban LandMark

This booklet is published by Urban Landmark. The content is based on a report by the Department of Town and Regional Planning at the University of Pretoria. The report was researched and written by Mark Oranje, Jacques du Toit, Karina Landman and Josiah Lodi. The project was managed by Caroline Kihato, Regional Theme Coordinator for UrbanLandmark.

The photographs were taken by Kevin James. The final text was edited by Deidre Lotter. Design and Layout by Pure Media.

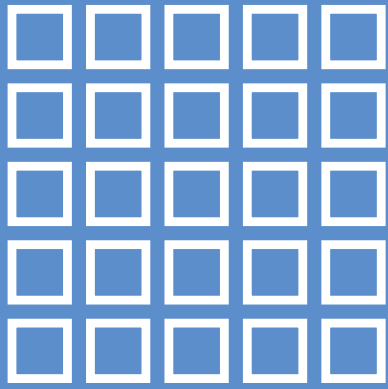
Other reports relating to this can be found at www.urbanlandmark.org.za

January 2010

TABLE OF CONTENTS



EXECUTIVE SUMMARY	5
INTRODUCTION	7
CREATING CONTEXT: RECENT TRENDS IN PRIVATE SECTOR DEVELOPMENT	11
SUMMARY OF SELECTED CASE STUDIES	14
FINDINGS: EMERGING ISSUES, THEMES AND PATTERNS	22
THE WAY FORWARD: RECOMMENDATIONS TO IMPROVE PROCESSES AND RELATIONSHIPS	28
CONCLUSION	29
REFERENCES	31



EXECUTIVE SUMMARY

Inclusive cities, as defined by UN Habitat's Inclusive Cities Initiative, promote growth with equity, based on participatory planning and decision-making. By working to improve poorer people's access to well-located land, the Urban Landmark programme supports the development of inclusive cities.

A key challenge facing post-apartheid urban spatial form is building inclusive and equitable cities that provide the poor greater access to well-located residential and commercial land. Ensuring more inclusive urban growth is made even more difficult in the current context of a world economic recession. A contracting local construction sector and a general lack of capacity at local government level to transform the inequity of South Africa's urban landscape may mean that the urban poor remain at the margins of growth and development.

It is within this broad context that Urban Landmark commissioned the University of Pretoria to provide an in-depth understanding of how urban land development and governance work in practice; the political, economic, and social factors that influence urban land development and governance; and the interaction between developers and municipalities. The study has revealed that truly inclusive cities are unlikely to become a reality in South Africa without the development of greater synergy, cooperation and mutual understanding between municipalities and developers, and municipal attention to developmental outcomes.

Looking at how urban land development works in practice raises two important issues, namely the relative inaccessibility of the industry to poorer people, and the inability of the industry to make a significant contribution towards poverty alleviation and changing the urban landscape in South Africa to be more equitable and sustainable.

The types of development projects selected as case studies were fairly diverse and ranged from typical suburban residential estates, a commercial shopping mall, social housing projects, a theme-oriented tourism park, a precinct development, upmarket golf and coastline resorts, and a large-scale integrated mixed-use development.

To contextualise the case study findings, recent trends in private sector development were investigated. A closer examination of data on the size and value of development across the largest cities in the country, including Buffalo City (East London), Cape Town, Ekurhuleni (East Rand), eThekweni (Durban), Johannesburg, Mangaung (Bloemfontein), Msunduzi (Pietermaritzburg), Nelson Mandela (Port Elizabeth) and Tshwane (Pretoria), suggests that development is largely associated with metropolitan areas, i.e., urban areas with high population growth rates and stronger economies.

A summary of selected case studies is provided, as well as detailed descriptions of the Cosmo City, Westonaria South and Jabulani Mall projects, which best illustrate cases in which elements of a win-win scenario were evident, as well as positive interaction between the developer and municipality.

In the case of Cosmo City, a key objective of the development was to ensure integration between different income groups and land uses, both to break the spell of apartheid urban form and the 1930s-modernist urges to separate land uses. As such the project has achieved many of these integration ideals, more so than standard residential development in South Africa, and has received numerous awards. A key feature of the Cosmo City case was the positive interaction between all parties.

The Westonaria South project represents a new type of urban development, developed in the spirit of the Breaking New Ground (BNG)¹ ideals and principles of integrated and sustainable housing. The reason for the project stems from the need to relocate the Bekkersdal community currently settled on land located in a sinkhole-prone dolomite area. Recognising the need and the opportunity this presented, the owner of the property on which the development was to take place approached

¹The 2004 policy document of the national Department of Human Settlements which recommends mixed, medium-density developments.

the municipality and proposed developing a fully integrated neighbourhood (in terms of land use and income-type) on the property to accommodate a sizable section of the Bekkersdal community.

The Jabulani Mall development in Soweto was also characterised by positive interaction between the developer and the municipality, in particular the regional office in Soweto. This was ascribed to prior successful collaboration with the municipality on a similar shopping mall development in Soweto. Overall, municipalities were perceived as being cooperative and willing to help, and a common understanding between the developer and the municipality tended to be reached as the process unfolded.

The study identifies the main challenges faced by developers as bureaucratic delays and rising municipal infrastructure-investment costs, as well as the lack of capacity on the side of municipalities. The plethora of planning policies and frameworks in some municipalities, and the inability of municipalities to prepare these documents consistently and to harmonise and coordinate them, was also seen as a challenge by some developers.

Municipal officials cited lack of capacity, experience and skills within their own institutions as the main challenges, as well as unrealistic expectations, especially from poorer communities. The public is often unaware of the timescale involved in development processes and tends to demand immediate results. Generally, officials feel many challenges facing them can be dealt with through greater consideration for and communication with all roleplayers.

A number of recommendations on improving processes and relationships between developers and municipalities emerged from the study. For the benefit of the community, officials should be more proactive when public finance becomes available for development projects. They should also know their constituency better and should take more initiative during the application and development process.

To benefit developers, municipalities should *inter alia* develop guidelines on acceptable practice and incentives offered by the municipality; be more proactive in communicating possible land development incentives; take on a stronger role as a trader in development rights and infrastructure; and allocate limited resources selectively and in accordance with clear rules.

For the benefit of municipalities, planning consultants should assist the client in developing a clear concept with alternative development proposals that are well informed by a proper site analysis, rather than letting the developer simply aim to maximise economic gain from the land. They should also act as project coordinators throughout the entire land development process, as opposed to merely administering the application and consent processes. Officials should regain the role as facilitators of development, rather than limiting their role to administering development applications. This requires developers and officials to talk more to each other and to focus on finding solutions and alternatives.

When considering the political, economic and social factors influencing urban land development, it becomes clear that, for developers, profit remains the overarching factor influencing decision-making. But a range of other factors appear to remain important, including geo-technical conditions, community benefit, environmental impact, and municipal development objectives. Although most case studies pointed to factors concerning community benefit being important, the relative importance of community benefit when compared to other project imperatives probably remains questionable.

Looking at interactions between developers and municipalities, there is clearly a need for greater awareness, sensitivity and consideration of the roles, responsibilities and difficulties faced by the respective parties, and what the different roleplayers can do within their existing ambits to improve urban land development processes and relationships.

INTRODUCTION

Since 2006, Urban Landmark has commissioned studies on urban land markets in South Africa with the aim of gaining a better understanding of these markets, and more specifically, how these markets could be made to “work better for the poor”. The broader Urban Landmark research programme therefore seeks positive influence on urban land development policy and practice and improvement of poorer people’s access to well-located land.

To gain a holistic understanding of urban land markets, a variety of qualitative studies on the various dimensions of urban land markets have been commissioned. Some of these include studies on (1) problems encountered by the poor in accessing land, (2) ways in which the poor acquire, hold and transact land, and (3) the dynamics of the formal urban land and property market in South Africa.

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

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

More specifically, the objectives of the study were to provide an in-depth understanding of:

- how urban land development and governance actually work in practice;
- the political, economic, and social factors that influence urban land development and governance; and
- the interaction between developers and municipalities.

A case study method was used to answer various questions regarding the three primary study objectives on single development projects, thereby allowing researchers to cross-reference questions and answers and provide more useful descriptions of developers and municipalities’ perspectives and experiences. The use of case studies also enabled developers and municipalities to speak about the same development projects.

Although the study focused on the perspectives of developers and municipal officials, consulting town and regional planners involved in the selected development projects were also interviewed. This was done because town and regional planners often serve as a link between developers and municipalities and because of their knowledge of, and involvement in, the technical and administrative processes of land development.

The types of development projects selected as case studies were fairly diverse and ranged from typical suburban residential



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

Table 1: Summary of selected case studies.

estates, a commercial shopping mall, social housing projects, a theme-oriented tourism park, a precinct development, upmarket golf and coastline resorts, and a large-scale integrated mixed-use development. Selected cases are summarised in Table 1.

Legal processes for development rights

The two legal instruments primarily used in the property development process in South Africa are: (1) the four former town-planning and township establishment Ordinances² and (2) the Development Facilitation Act, 1995 (DFA). These of course are in addition to a multitude of Acts and Ordinances inherited from the country's past that in some way or other regulate aspects of the land-use and land development environment in the country³.

These two legal instruments fall into two distinct "routes" for developers. The Ordinance route typically involves the submission of applications for rezoning or "township establishment" with a municipality, and the institution processing the application. The DFA-route involves the application being submitted with the provincial government, and the municipality "being relegated" to merely another role-player in the process. While one of the reasons for introducing the DFA was to fast-track low-income development in the country, this has not always proven to be the case.

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

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

² These range from the former Orange Free State and Natal Ordinances dating back to the late 1940s and the more recent 1985-Cape Province and 1986-Transvaal Ordinances.

³ See Oranje *et al* (1999).



The Ordinances, on the other hand, are regarded by many as a hangover from the apartheid era, which detracts from their use. But they are seen as a practical choice, as there still are many planners who are familiar with them and know how to use them. There is a strong view among many planners that the old Ordinances, which only served former white areas, should have been abolished long ago and replaced with post-apartheid legislation that was developed for a post-apartheid developmental policy environment and covered all of South Africa. Part of this view is that, although the Ordinances had no racial references, using them results in apartheid legislation being maintained.

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

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

Sometimes it is also simply practical to opt for one or the other process. Where municipalities are severely lacking in capacity, both the developer and the municipality actually prefer to follow the DFA so that the necessary expertise can be drawn in during tribunal processes. Larger metropolitan areas tend to oppose the DFA strongly because they want to maintain control over development in the metro.

It is not so much a case of a void between the processes as stipulated in legislation and practice with regards to land development, as these are legally governed and administered, but rather that

a gap exists between what is envisaged in legislation and practice, and that there is a lack of integration between various pieces of legislation and policy.

So, for instance, the notion of developmental local government is being frustrated by the option of sidestepping the municipality, as allowed for in the DFA. While a municipality may plan for development in one area and intend to invest its scarce infrastructure to support this development in that area, the market may suggest that a different location is optimal for a development, and be legally allowed to do so by the applicant using the DFA.

In addition, a municipality is legally weak in terms of forcing development into certain areas and out of others. Furthermore, with developers having more than one option as to where and in which sector to invest, they are far more flexible in terms of these options, whereas this may not necessarily agree with post-apartheid spatial restructuring. On the other hand, municipalities cannot be as inflexible as the “theory” of post-apartheid restructuring would suggest, as they are often ‘hard-up’ for investment. This simply means that the aims of post-apartheid reconstruction are hard to achieve.



CREATING CONTEXT: RECENT TRENDS IN PRIVATE SECTOR DEVELOPMENT

Prior to the presentation of case study findings, a brief contextualisation of the South African urban development landscape is presented by looking at recent trends in private sector development.

Recent trends in development and construction from Statistics South Africa's (2002 – 2007) publications on building statistics can be summarised broadly by looking at the area and value of residential and non-residential developments, as well as additions and alterations for three selected cities, namely Buffalo City (East London), Cape Town and Johannesburg.

Buffalo City represents a secondary city in a relatively poor province that has had lower population growth compared to other cities in the South African Cities Network (SACN), i.e. the nine largest and most important cities in South Africa from a population and economic point of view.

Cape Town represents a major coastal metro that has become known for its strong growth in the residential property market, whereas Johannesburg represents a major inland metro with the strongest economy in the country. Data on square metres and value of completed residential and non-residential developments as well as additions and alterations between 2002 and 2007 are illustrated for each of the three cities.

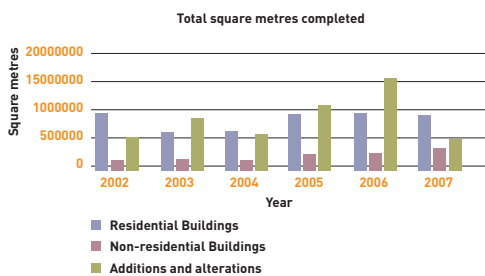


Figure 1: Total square metres of completed developments in Buffalo City

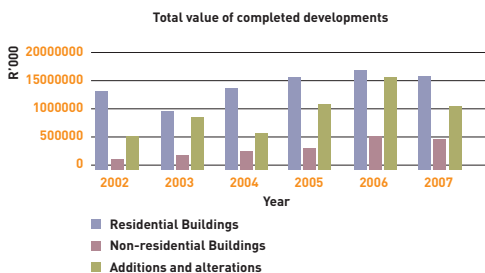


Figure 2: Total value of completed developments in Buffalo City

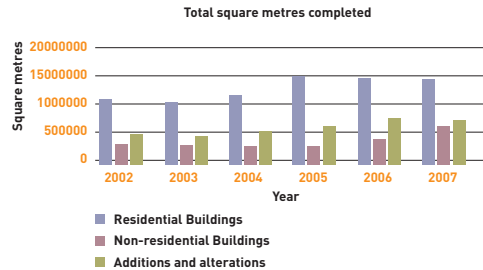


Figure 3: Total square metres of completed developments in Cape Town

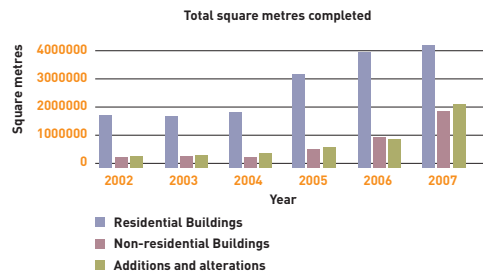


Figure 4: Total value of completed developments in Cape Town

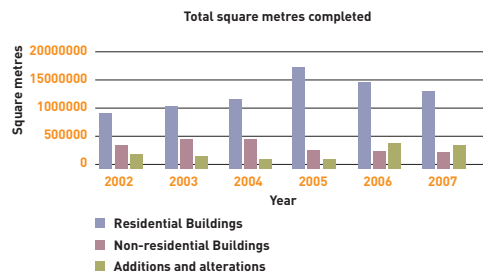


Figure 5: Total square metres of completed developments in Johannesburg

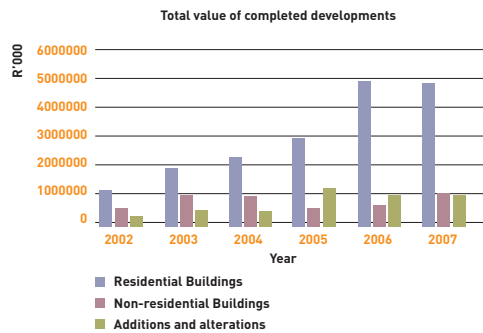


Figure 6: Total value of completed developments in Johannesburg

The data suggest that development, in terms of construction, has increased significantly since 2002, but has recently slowed down, at least in the three cities represented. Furthermore, development trends are quite different across each of the three cities, meaning that urban land development is subject to location and the operation of local land markets and other city characteristics.

Additions and alterations to existing developments played a much bigger role in Buffalo City, whereas residential developments played a bigger role in Cape Town and Johannesburg, indicating high urbanisation rates and demand for housing in these two cities. Overall, there has been a general increase in the size and value of developments over the last six years, particularly in Cape Town and Johannesburg.

In Buffalo City, the size and value of developments peaked in about 2005 and 2006, but showed some decline in 2007. What is remarkable in Cape Town is that the amount of development has edged off over the last three years (except for non-residential buildings), but that the value of all three development types has kept on increasing quite significantly. This suggests that the value of development in Cape Town was strongly influenced by increases in land value. Both the size and value of developments in Johannesburg had decreased slightly over the last years covered by the analysis.

Overall, there appeared to be a relatively close correlation between the amount and value of development in Johannesburg.

A closer examination of data on the size and value of development across all of the SACN cities, including Buffalo City (East London), Cape Town, Ekurhuleni (East Rand), Ethekwini (Durban), Johannesburg, Mangaung (Bloemfontein), Msunduzi (Pietermaritzburg), Nelson Mandela (Port Elizabeth) and Tshwane (Pretoria), suggests that development is largely associated with metropolitan areas, i.e., urban areas with high population growth rates and stronger economies.

In fact, the value of completed building in 2007 in the six metropolitan municipalities accounted for R32 521 million or 70.1% of total value of completed buildings in the country. Cape Town had the highest percentage share of total value of completed buildings (19.0%), followed by Johannesburg (15.8%) and Tshwane (Pretoria) (13.4%) (Statistics South Africa, 2007: vii).

More recent data show that values of building plans passed has reduced significantly since the case studies for this project were completed (Figure 7). It should therefore be noted that the developments reviewed in this report were undertaken towards the end of buoyant economic conditions, and that the way that municipalities and developers engaged at the time was also conditioned by these factors.

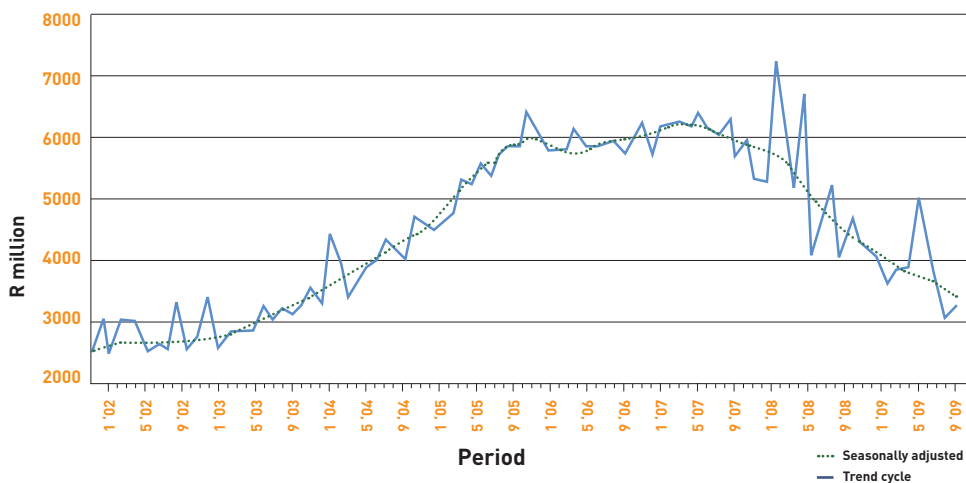
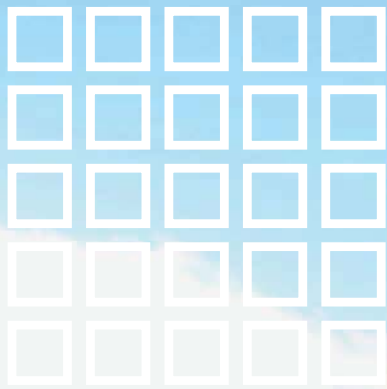


Figure 7: Real value of recorded building plans passed by larger municipalities (Statistics South Africa, 2009: 5)



SUMMARY OF SELECTED CASE STUDIES

WIN-WIN SCENARIOS

Cosmo City

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

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



In addition to the range of housing options, the development also includes 17 school sites, 40 church sites, clinics, libraries, parks, conservation areas covering about 225 hectares, a police station, sports fields, a public swimming pool, taxi ranks, markets, shopping centres, business nodes and petrol stations.

A total of 27 hectares have also been set aside for industrial development that will contribute to providing jobs. Provision was also made for about 150 hectares of provincial road reserves for the future of residents and those in the wider region.



A radical departure from other residential areas not targeted at the higher end of the market was the clear decision that investment from the public and private sectors had to be integrated and “arrive in the area at the right time”. In this way they avoided the typical example of communities arriving in an area that is simply a housing estate with none of the basic ingredients of “good town living”, for example, schools, clinics, parks, etc.

A key objective of the development was to ensure integration between various income groups and land uses, both to break the spell of apartheid urban form and the 1930s-modernist urges to separate land uses. The project has been successful in achieving certain integration ideals, and has received numerous awards on the back of this.

The story of Cosmo City has two parts, with the first part starting in 1996, prior to the creation of the City of Johannesburg. At this time the Northern Metropolitan Local Council identified the need to provide housing for two large informal communities, Zevenfontein and Riverbend, during the preparation of their Land Development Objectives (LDOs) in terms of the Development Facilitation Act, 1995 (DFA). A court order was obtained and the communities had to leave, but it was not clear where they could go. The municipality decided to not just relocate communities, but also to develop a more permanent settlement.

Land was found on which Cosmo City has now been developed. The land, consisting of two portions, belonged to a well-known conservative politician at the time, the late Robert van Tonder, and Associated Banks of Southern Africa (Absa). While Absa was willing to sell, Van Tonder was not. In order to obtain the land, the City used the existing expropriation legislation to expropriate it for the public benefit.

This was a drawn-out process, with a great deal of public participation and thousands of objectors. Once the land had been acquired a development framework for the proposed settlement was prepared and many technical studies were done. This was, however, still in the traditional mode of providing low-income housing.

The second part of the Cosmo City story starts with the City of Johannesburg and the Gauteng Department of Housing inviting bids and short-listing five companies in 2000 to submit development proposals for a new inclusive housing project on Hans Strijdom Road in the northern segment of Johannesburg.

A team headed by Basil Read and Kopano ke Matla emerged as the successful bidders and set up a company called "Codevco". The town planning firm of Urban Dynamics, who already prepared the winning bid on behalf of Basil Read, was tasked by Codevco to submit a town-planning application to the City of Johannesburg. This also involved the management of the professional team put together by Codevco. Once this task was completed, Urban Dynamics prepared the town planning application for the development. The Ordinance route⁴ that was followed was chosen mainly because the City of Johannesburg wanted to retain control of the process.

It took three years for Codevco to get onto the site after having been appointed in 2000. The primary reasons for this were delays brought about by the environmental impact assessment, court cases and lengthy community participation processes, where at times close to 3 000 people would attend meetings. What was favourable for the developer was that the City owned the land, which meant that these holding costs were not an issue.

The project was designed to deliver on five key objectives, each of which it has successfully achieved so far:

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

⁴For an explanation of the Ordinance option for planning applications, see page 9.



All parties described the interaction as positive. Private sector interviewees praised the City of Johannesburg project manager, with those involved agreeing that he had been indispensable to the project. His passion and dedication, backed by the technical expertise and political will to steer the project beyond difficult obstacles, were memorable.

As for the private sector involvement in the form of Codevco and Urban Dynamics, this interaction was found to be equally positive. What stood out here was their integrity, ability and an absence of greed, at least as perceived by the researcher.

The private companies obviously had to make a profit in Cosmo City, but this was not the only driver. They were mindful of what the other parties wanted. For them it was not a zero-sum game in which one could benefit only at the cost of another, and they demonstrated how they could assist other parties to meet their objectives, and still pursue their own. This resulted in far more being gained than originally envisaged.

Westonaria South

This project is a “new type of urban development”, developed in conformance with the Breaking New Ground ideals and principles of integrated and sustainable housing. According to both the developer and the town planner from the firm VeloCITY, the development represents the cutting edge of this new form of urban development.

The development makes provision for 6 500 residential erven for subsidised and bonded housing, and the full contingent of land uses that would be found in any typical middle-income suburb in South Africa.

As such, an integrated suburb in terms of land-use type, intensity and mix, tenure type, income group, lifestyle and age-bracket, is provided for. Of note is the provision of sizeable tracts of land for industrial purposes, retail activities and housing. In contrast to the rule for developments with a significant residential component, the layout plan also makes provision for 20 church sites. According to the town planner, the Gauteng Department



of Housing stipulated that erven for religious sites had to be set aside to create a fully-fledged suburb in accordance with the Breaking New Ground (BNG) ideals.

The reason for the project stems from the need to relocate the Bekkersdal community, which is settled on a sinkhole-prone dolomite area. Recognising the need and the opportunity it presented, the owner of the property on which the development was to take place approached the municipality. He proposed developing a fully integrated neighbourhood (in terms of land use and income-type) on the property to accommodate a sizable section of the Bekkersdal community.

Key to this proposal was that the developer owned the property, as this meant that holding costs would not be an issue, and this also meant that he was serious about the venture. The municipality responded favourably and discussions with the Gauteng Department of Housing ensued.

The old Transvaal Town Planning and Townships Ordinance, 1986 was to be used for the application. The reason for this, according to the developer, was the ability to keep track of the application and to be able to call an official they know, or to set up a meeting should the need arise.

“Better the devil you know,” he argued. The DFA simply did not allow them this “intimate” tracking and follow-up. It was the developer’s main reason for not having ever used the DFA option. He emphasised that it took years to develop good working relationships with the municipality officials, and that these relationships were instrumental to successfully completing applications.

Numerous service providers were appointed and many reports produced on *inter alia* the geotechnical conditions, engineering services (i.e. water, electricity, storm water and roads), environmental concerns, financial matters and town planning aspects. These service providers also met regularly to ensure integration and to iron out problems.

In addition to this a Technical Steering Committee chaired by the Gauteng Department of Housing was established, on which served representatives from the local and district municipality, provincial sector department representatives, the developer and service providers appointed by the developer.

The developer expressed serious concerns about the governance of this and other projects. Key among these concerns was the shortage of competent officials in technical areas in both the municipal and provincial spheres, which, according to him, then resulted in a fear and/or an inability to take decisions, slow processing of applications and an inability to differentiate between strategic and less strategic aspects in a project.

He also saw the Gauteng Department of Agriculture, Conservation and the Environment as the cause of enormous hold-ups in projects, as it was slow to deal with applications and was inaccessible. He stated that it could take up to three years to get a Record of Decision from this department.

The developer indicated that the BNG route was the one to follow regarding property development. The Breaking New Ground principles build on the housing policy outlined in the 1994 White Paper on Housing, and adds the imperative of ensuring that settlements are sustainable

and conducive towards the basic original goal of delivering affordable housing.

He said that if it was possible to show that the project could work, as he believed it was, the company would be “set for life”. But he was clear that it was a difficult project, given its tight financial constraints. Both the developer and town planner indicated that the three key driving themes in the layout of the town (including the specific selection and location of the various land-uses) were:

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

Both the developer and the town planner asserted that the interaction with the Westonia Local Municipality generally went well. On a more general level the developer said their encounters with municipalities were frustrating, but not those with officials *per se*. According to him municipal officials generally did their best, but were prisoners of circumstances. Municipalities were simply understaffed, or lacked officials with the knowledge and experience their mandates demanded.

According to the developer, lack of leadership in the sections or departments in municipalities or provincial government



departments that had to attend to applications, and insufficient numbers of officials meant that such departments were simply so occupied with crisis-management that they could not put in place more efficient methods to process applications. In addition, as only a small number of officials could “do the job” the process became drawn out.

Both the developer and town planner revealed that networking was crucial to interactions with officials in municipalities and provincial departments. Consultants relied heavily on their relationships, nurtured over many years, to set up progress meetings and keep projects on track. The developer stated that the existence of these networks was also a key consideration when appointing service providers.

He also said that the lack of capacity was so severe, and had such high holding costs, that he increasingly avoided working in municipalities where these challenges were causing delays as they threatened the financial viability of projects.

According to the town planner there were often heated debates among roleplayers, with differences in objectives and approach playing a part in creating tensions. In addition to this she said that where professionals knew and respected each other, interactions were much smoother. She also suggested that perceptions of one another played a major part in the effectiveness of forums and negotiations.

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

Jabulani Mall

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



The site for Jabulani Mall was found after a local market assessment and a thorough aerial search using Roux Property Development’s private helicopter. The developer first does an “internal” marketing study to assess feasibility by exploring the local area, conducting household interviews, etc. Experts are then appointed to do detailed marketing and feasibility studies to determine, among other factors, the gross leasable area.

Three key factors influenced the developer’s choice of the Jabulani site: its location and close proximity to busy routes and intersections, the fact that it was council-owned land (according to the interviewee), and the fact that the site was vacant. The municipal official explained their decision to support large-scale shopping



mall development in Soweto as one of (1) supporting the local retail industry (2) curbing household expenditure on travelling costs (3) and creating an environment conducive for family outings. When questioned on the appropriateness of a mall development for a township, the official responded that the development of the site was not limited to the mall, but included various other uses.

Initial negotiations between the developer and the municipality mainly concerned provision of bulk services. Interestingly, the council discovered only at that stage that much of the Jabulani site already had bulk services that lay dormant. Apparently, the site was intended for large-scale housing development during the apartheid era, and because there were no proper town planning schemes or any form of integrated planning for townships, the bulk services remained undiscovered.

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

Protests and accusations influenced the development process. According to the people interviewed, sometimes expectations of local communities are unrealistic. They often expect development to take place as soon as the liaison process is initiated, not understanding that development processes like approval of an EIA could take up to nine months, or that property exchanges are sometimes needed which delays processes even further.

The municipal official confirmed this. In his words "there is no time for waiting in townships" when it comes to development, since people are eagerly waiting for services and do not have patience or understanding for lengthy development processes. The official also pointed out that the ownership record of land in townships is often problematic because under apartheid, township residents could only lease and not own land in certain areas.

In terms of local planning frameworks, the developer revealed that developers have to abide by these frameworks, although sometimes exceptions are made for developers. In another development, the municipality adjusted the urban edge slightly to accommodate the developer.



The most important economic factor that influenced the project was identifying a suitable site. A well located site on busy routes and intersections carrying lots of passing trade is critical for the success of commercial development. It was revealed that certain shopping malls in townships are struggling because of poor location.

Upon the question as to how exactly a site is identified the response was that “if you are in the commercial development game you know the requirements.” It therefore appeared that commercial development cannot be learned textbook-style but comes from first-hand experience. The next critical factor is the disposable income and purchasing power of local households. As such, the (financial) success of the project depended largely on the fact that the local households have no or very small bonds and that households have members who are employed, whether in or outside Soweto, and who supply a stable source of income.

Tenant competition sometimes has a significant impact on such developments, in that the development needs to compete with similar shopping mall developments in the area to attract tenants with good credit histories. Economic factors such as increasing interest rates were seen as having not too significant an impact on a retail development like Jabulani Mall, as people with low incomes still have to purchase basic household necessities, especially food.

From the official’s point of view, the decision to support the development of Jabulani Mall in Soweto was largely based on the fact that households spent a lot of their income outside Soweto. The disposable income of poorer households could be improved if they could save on transport costs and shop locally. When asked about the possible impact of such a development on smaller corner shops, the municipal official felt that as a first principle “people need choice”, and that shopping malls such as Jabulani provided people with a wider choice of stock corner shops are not able to offer.

Social factors that influenced the project were many, owing to the development being located in an area where people are prone to poverty and unemployment. During the construction phase when the site was being fenced off, the community was regarded as somewhat of an irritation as many people showed up at the gates each day haggling over who should have access to the site and who shouldn’t.

Residents were eventually referred to the community liaison officer (CLO) who was given a temporary office at the council offices in Soweto. The CLO would then hear people out and collect CVs for inclusion in a database. At one point the database had more than 5 000 CVs that could be used in subsequent developments.

Interestingly, at no point during the development was fear of crime, or actual incidents, a concern to any of the project team members when visiting or working on the site in Soweto. In fact, the interviewee, who at one stage had to be on site every day for about three months, remarked that she felt safer at the Jabulani site than in central Pretoria.

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



The municipal official believed that communication between all roleplayers and during all phases of a development was critical. On being asked whether the fact that the developer is a black-owned company made a difference to interaction with the municipality, the official remarked that “interactions between developers and municipalities are not about racial issues, but about one’s attitude – if both parties have the right attitude, then there shouldn’t be a problem with urban land development”.

Many problems in development projects arise because of a lack of communication, and more specifically, the will, ability, or means to communicate. Development is by nature problematic – one simply has to deal with the problems, and communication is critical. “All roleplayers should sit down at the start and agree on what should happen.”

According to the municipality, this is especially the case in poor communities where promises are made and expectations raised. If development is promised by a certain date and not delivered, residents do not understand the complexities involved or why the development is late. This then causes problems with residents and often results in further delays to development. Proper communication with ward councillors and with community members in turn, for example, can avoid such conflict.

In the case of Jabulani Mall, the municipality would like to see itself improving in the following areas:



- ensuring better communication between all roleplayers – even if the municipality has to champion communications throughout the development process;
- being more proactive when public finance becomes available to use the funds more effectively for development projects, whether it be to attract further development, solve existing development problems or to make developments more equitable and sustainable. This means officials need to identify obvious development “gaps” in the area that need urgent attention; and
- municipal officials should know their local constituencies much better and be aware of the dynamics at play, potential problem areas and possible solutions. Communities, especially those in townships, are seen to be well organised, so the more officials know their local areas, the more they will be able to respond to their needs.



FINDINGS: EMERGING ISSUES, THEMES AND PATTERNS

A typology of developers and developments

Developers who have a significant impact on urban land development tend to be larger development and construction companies, or a consortium of companies. Small-scale individual builders, or “bakkie” builders, and private households doing alterations and extensions were omitted from this study.

Two case studies have been presented in which the development company is a subsidiary of a larger company that has been set up to develop and manage large pieces of land belonging to the larger company.

Developers are entrepreneurs who study the property market carefully, and then, based on the property cycle, acquire land and develop it with a specific “final product” in mind. “Developments” are simply seen as being residential, office, retail, industrial or mixed-use. Even though the developer is likely to determine the kind of development, a range of factors associated with the business model of a particular development company is also likely to determine the type of development.

The types of developers covered in the case studies are mostly large and private development companies. The case studies furthermore depict how a range of factors determining types of development also played a role in conceptualisation of the

different types of developments covered by the studies, particularly market forces. Although those interviewing respondents made it clear that financing options and models were important, respondents from development companies were generally silent on how precisely these factors determined their choices of developments as these were generally regarded as trade secrets in a highly competitive environment.

Main challenges to the development process

The challenges faced by developers and municipalities are summarised in Tables 2 and 3.

Bureaucratic delays and rising municipal infrastructure-investment costs are arguably the biggest challenges for developers, since these have serious implications in terms of holding costs and getting units onto the property market. Generally, developers do not seem to mind administration and see it as a necessary part of the broader development process. But they do seem to feel that municipalities do not process applications at the speed they could, and believe this is sometimes even deliberate.

Developers often cite lack of capacity and incompetence on the part of municipalities. This is especially the case with many of the smaller more rural municipalities, some of whom have become notorious for their lack of capacity and are also accused of blatant corruption.

Case study	Challenges			
	Lack of capacity	Unrealistic expectations	Bureaucratic delays	Costs
Featherwood Estate		•	•	•
Kingswood Retirement Village			•	•
Cosmo City			•	
Westonaria South	•	•	•	•
Jabulani Mall, Soweto		•		
Waterberg Golf and Wildlife Estate	•		•	
Heartland, Somerset West Developments	•		•	•
Stadium Precinct Upgrading				•
Platinum City				•
Umhlanga Ridgeside Development	•		•	

Table 2 – Challenges faced by developers

In other cases, smaller municipalities with competent officials, one example being Rustenburg Local Municipality featured in the Stadium Precinct Upgrading case study, were singled out as being highly effective at getting applications processed. In addition to this it emerged that even in the metros issues of capacity sometimes pose a challenge to developers.

The plethora of planning policies and frameworks in some municipalities, and the inability of municipalities to prepare these documents in a consistent manner and to harmonise and coordinate them, are sometimes seen as a challenge by developers. This appeared to be especially the case where there are transfers of political power in municipalities, resulting in either dismissals or mass outward movement of officials associated with the previous leadership, taking with them the institutional memory of the particular municipality. This is further aggravated if the “goalposts” for development within the municipality are continuously shifted, or if planning terminology is full of jargon, vague, or open to interpretation.

Developers do not seem to mind working within the confines of municipal planning policies and frameworks, but then “the rules of the game should not be changed all the time”. Simply put, developers sometimes are uncertain when it comes to dealing with municipalities.

This point was particularly pronounced in the Heartland⁵ case study in the City of Cape Town. According to the developer, good governance implies that there will be good policy frameworks that could be used to measure progress. But, it is not always clear from the existing frameworks what the goals of the municipality are.

As the development of and investment in infrastructure are so closely linked to economic growth, it is often difficult to know how this will be interpreted by the municipality. This also refers to, for example, the relationship between densification and economic benefit. As a result, there is a general disregard for policy from the private sector.

Policy will be taken seriously only if it is supported by a logical process and remains stable and consistent. Currently the policy is considered as relative. Take this example from the City of Cape Town. On spatial plans, the edge is indicated by both a solid and a dotted line. The dotted line represents areas where the urban edge could be relaxed. This in turns raises questions about the validity of the so-called urban edge and whether it should be taken seriously at all. It also sends mixed signals about the intention of the municipality and the implications of their regulations or the “rules of the game”. By constantly changing these rules, it takes away their power of negotiation, leaving them “without teeth”. This issue also relates to the time it takes to consider applications and whether the same rules are applied over time to all the developers. In addition, there is an inconsistent relationship between the political structure and the officials, which results in several voices coming from the side of the municipality.

“The city lacks the means of providing a single coordinated strategic decision and voice” – Developer

Officials often cite lack of capacity, experience, and skills within their institutions as challenges to fulfilling their roles. The nature of their work, being to administrate, also leaves them limited

⁵ Please refer to the full research report for details of the Heartland Case Study.



Case study	Challenges			
	Lack of capacity	Unrealistic expectations	Bureaucratic delays	Costs
Featherwood Estate	•			•
Kingswood Retirement Village			•	•
Cosmo City				•
Westonaria South	•			
Jabulani Mall, Soweto		•		
Waterberg Golf and Wildlife Estate	•			
Heartland, Somerset West Developments				•
Stadium Precinct Upgrading	•			
Platinum City	•			•
Umhlanga Ridgeside Development			•	

Table 3 – Challenges faced by officials

scope to go beyond administration and become actively involved in “the planning thinking” behind a project. Internal politics poses challenges such as the disjuncture between council decisions and the technical considerations that officials within planning departments have to deal with.

Many competent and experienced planners and planning technicians, as well as other professionals such as engineers, have left municipalities.

As a result of the developmental mandate of local government, municipalities are often faced with unrealistic expectations, especially from poorer communities. The public is often unaware of the timescale involved in development processes and tends to demand immediate results. In some cases, the appointment of a full-time community liaison officer has been crucial. Generally, officials feel that many of the challenges facing them can be resolved, with greater consideration for and communication with all roleplayers.

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

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

Private-public collaboration in development processes

At least four of the case studies suggested substantial private-public collaboration. This seems to be a growing trend, with capacity and funding constraints becoming a growing challenge for all concerned.

“The last thing you want to do in a case like this is go on some sort of power trip. You don’t do a massive job like this by yourself. You need a team of experts.”
– Municipal official

In the case of Cosmo City, for example, private developers formed a development company that included equity partners. The company responded to a call by the City of Johannesburg Metropolitan Municipality to develop an inclusionary housing project. Although there were massive delays due to lengthy public participation and EIA processes, the development company did not suffer heavy holding costs typically associated with market related developments, since the land was owned by the municipality. It was also important that the project was at the outset conceptualised to deliver on a number of political and economic objectives, all of which were achieved in the final development. The municipality, for example, wanted to see several planning and sustainability issues tackled and the developer wanted to ensure the development’s profitability.



Also important was the relationship between the key public and private sector roleplayers. The private sector roleplayers were very impressed by the leadership and project management style of roleplayers in the public sector, whereas public sector stakeholders appreciated the fact that profit was not the only motive of the private sector roleplayers. This was a case where private sector stakeholders, although mindful of profits, were able to also recognise the objectives of the public sector.

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

In the case of Heartland, it was found that there was a lack of capacity to deal with future demands for sewerage management. There was also a lack of access roads to service the Heartland site. This led to extensive negotiations between Heartland Properties, and the municipality and the province respectively, which in turn resulted in the establishment of a number of partnerships.

Two significant public-private partnerships are noteworthy. The first was created to establish a large sewerage pump station and pipelines on the Heartland site to the value of about R120 million. Based on a feasibility study commissioned by Heartland Properties, the company convinced the City of Cape Town of the need for new bulk infrastructure, after which they entered into an 80/20 partnership in which the City would be responsible for 80% of the costs, based on the future use of the sewerage system. The second partnership with the Western Cape Province concerned the development of a new regional intersection on the N2. The intersection was to provide access to the Heartland site to the south and to Somerset West to the north. In this case, the province will be responsible for 20% of the costs and Heartland Properties for 80%. To create these partnerships, it was important for the various spheres of government to deal with competing roleplayers consistently to ensure fair distribution of costs related to the development of large-scale infrastructure.

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

– Municipal official

Negotiations regarding development applications

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

Negotiations, in terms of actual exchanges between developers and municipalities, are mostly limited to issues concerning the provision of bulk services. Developers seem to give way here more easily since they are eager to start building and will often then install whatever bulk services are still needed. Although developers see this as costly, the turnover associated with urban land development, especially larger

projects, and the subsequent reduction in holding costs, far outweighs these costs.

Gifts and favours

“Deal-making” between developers and municipalities, in the negative, corrupt sense, appears not to be a given in land development in South Africa. If it does happen, it tends to happen *ad hoc* at a level far above the municipal town planning officials who process these applications, and at times and in places far removed from an identifiable phase in the development process. Due to the nature and extent of this research, the case studies included here did not enable any form of untoward conduct to be identified – whether this conduct existed or not. Table 4 shows the factors developers consider for development proposals.

“We have to consider the profitability of a development first. Once profitability has been established, we can look at more normative development in a kind of creative trade-off with the profitable part of the development.” – Developer

Profitability clearly remains the most important factor for developers when they conceptualise a land development proposal. Environmental considerations also emerged strongly, but this is largely because EIAs need larger developments to take greater cognisance of environmental sustainability.

However, a framework that would equally assess the economic and social sustainability of projects is still lacking in South Africa, and was suggested by some respondents as crucial for the future. In cases where community and municipal considerations emerged as strong drivers, this tended to be in larger municipalities where the municipality played an active role from the outset.

Factors Municipal Council/Tribunal considered when evaluating a development proposal

Usually municipalities tend to consider their own planning policies and frameworks as their main points of reference. However, the extent to which this would suggest a system that is policy/plan-driven and not just a formality where supporting documents are merely referenced, is debatable. Furthermore, the complexity of some developments, especially the larger

ones where development companies have been set up, require developers to draw up their own policies and frameworks, which may or may not correspond with municipal documents. In such cases, it is perhaps not that clear whether developments are policy/plan-driven or discretionary.

There is also an increasing trend towards considering social and community priorities because of the developmental mandate of local government and community expectations, especially in poorer areas. Because of the bureaucratic nature of administrative organisations, some officials have a narrow or technical view of land development applications and do not consider the broader economic implications of the development for their town or city.

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

Communications during the development process

Developers’ perceptions of officials

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

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

“Who you appoint as a planning consultant has a big influence on your success with a municipality.” – Developer

Officials' perceptions of developers

Municipal officials still view developers as unscrupulous profit seekers who have little regard for social and environmental considerations. But this is not always the case. Some officials have expressed positive perceptions of some developers. Once again, the role of the consulting planner is crucial in shaping officials' perceptions of developers.

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

Officials' perceptions of government structures and other officials

Municipal officials are the first to come up against the lack of capacity and skills in the organs of state. Skilled, experienced officials have increasingly become frustrated with their institutions and colleagues and leave for either the private sector or a position elsewhere.

Perceptions of the future of development and development processes

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

"The market is a reaction to prompts ... a cumulative reaction to prods." – Developer

"People search for the market instead of shaping it. It is an incremental process. Our role is to create it." – Developer

Case study	Geo-technical conditions		Community benefit		Profit for developer (financial viability)		Environmental considerations (sustainability)		Municipal development objectives	
	Weak driver	Strong driver	Weak driver	Strong driver	Weak driver	Strong driver	Weak driver	Strong driver	Weak driver	Strong driver
Featherwood Estate	•		•			•	•		•	
Kingswood Retirement Village		•	•			•		•	•	
Cosmo City		•		•	•			•		•
Westonaria South		•		•		•		•		•
Jabulani Mall, Soweto	•			•		•	•			•
Waterberg Golf and Wildlife Estate		•	•			•		•	•	
Heartland, Somerset West Developments			•			•		•		•
Stadium Precinct Upgrading	•			•	•		•			•
Platinum City		•		•		•	•			•
Umlanga Ridgeside Development	•			•		•		•		•

Table 4 – Factors considered by developers for development proposals

THE WAY FORWARD: RECOMMENDATIONS TO IMPROVE PROCESSES AND RELATIONSHIPS



For the benefit of the community

- Officials should put more “planning thinking” into the development application regarding aspects such as how the development could be made more sustainable, more inclusive, more functional, etc.
- Planners should refer to normative planning principles and guidelines, and propose alternative plans in addition to standard layout plans for consideration by both the developer and the municipality.

For the benefit of developers

- Policy makers should be more aware of how their policies affect various roleplayers in the urban land development and construction sectors.
- Developers should have a clearer and stronger idea of what the municipality wants to achieve and how this could come about.
- Municipalities should facilitate a quarterly forum for developers to exchange ideas, give feedback and facilitate greater communication and transparency between developers and officials, and in turn improve perceptions on both sides.
- Developers should distinguish between project management and project coordination. A thorough understanding of how different phases in the broader land development process interlock with each other, is critical.
- Municipalities should streamline application processes – open a dedicated project management office in the municipality to fast-track large or strategic development applications.
- Municipalities should seriously address skills shortages and lack of capacity.

For the benefit of officials

- Officials should develop tools to better understand costs and benefits of urban land development to developers so that officials can be in a position to make better and fairer “deals” that would benefit both developers and municipalities.
- Planning consultants should be held accountable for their work. Municipal officials feel there is an increasing lack of accountability on the part of planners due to a lack of disciplinary action from the council overseeing the planning profession, and due to planning work being done by unqualified persons.
- Politicians should play a limited role in decision-making regarding developments since they usually do not have the technical knowledge to make informed decisions. Instead, they should rather develop and popularise the municipality’s policies. Higher-level decision-makers in the municipality should also show the political will to implement normative planning to enable more sustainable and inclusive development. Urgent steps should be taken to address the critical skills shortages within municipalities.



CONCLUSION

To conclude the study the three research questions that originally guided the study are revisited.

How urban land development and governance really works

It is difficult to generalise about any significant or prevailing patterns in how urban land development takes place in practice. Developers' profit motives and their need to develop land successfully are overarching factors in the industry. Both developers and municipalities engage in various actions to see land development within the context of a range of social, political and economic factors that may arise.

Looking at how urban land development works in practice raises two further important issues, namely the relative inaccessibility of the industry to poorer people, and the inability of the industry to make a significant contribution towards poverty alleviation and changing the urban landscape in South Africa to be more inclusive and sustainable.

It is often difficult for smaller contractors to work in the sector or for smaller operators to become developers, because of the high levels of skill required in the financial, project management and built environment professions. Land owners also dominate the process because they own well-located land and have access to the necessary finance, capital and intricate networks of developers and other professionals.



One set of patterns that might be discernable in how development works in practice is decision-making on whether development applications are submitted in terms of the Development Facilitation Act (DFA) or the Provincial Ordinances. Recent court rulings have placed the future of the DFA in question, and national legislation is likely to replace such instruments. Choosing one of the two routes has been pivotal in terms of what, where, when and how development will take place.

Generally, the pattern appears to be that smaller municipalities have favoured using the DFA because of their lack of capacity to process detailed applications themselves (DFA applications are processed by a tribunal on provincial level). Larger municipalities, especially metros, have favoured the more technical and detailed Ordinance so they can exercise greater control. Developers on the other hand appear to have an intricate set of factors, such as time, costs, contacts, prior experience, etc., which they trade off against each other in choosing one of the two routes. Needless to say, developers tend to choose the route they eventually perceive to be the most economical. How accurate their choices are is a matter for further investigation.

The political, economic, and social factors that influence urban land development and governance

Developers and municipalities face a range of challenges that influence development and the governance thereof. For developers, profit remains the overarching factor influencing decision-making concerning development. Yet, a range of other factors appear to remain important, including geo-technical conditions, community benefit, environmental impact, and municipal development objectives.



Although most case studies alluded to factors concerning community benefit being important, the relative priority given to benefits that might accrue to poorer people or local communities remained limited. Developers often cited lack of capacity, and especially unrealistic bureaucratic delays on the side of municipalities, as challenges to development. Costs remain an issue, especially holding costs and bulk infrastructure contributions, yet in none of the cases did these factors pose serious challenges to the viability of these projects. The eventual turn-over of developments in general appear to absorb such costs.

Furthermore, despite recent negative factors in the economy, including political shifts, the national electricity crisis and rising interest rates and fuel costs, none of the developers interviewed felt that conditions were becoming so negative that they would not be able to do business anymore, or perhaps leave the industry altogether. Developers in general did not regard social investments as major factors influencing development. This could be because municipalities in general are not clear enough about what development outcomes they would like to bring about. Indeed, municipal officials tended to cite lack of capacity and internal politics as challenges that influence development from their point of view.

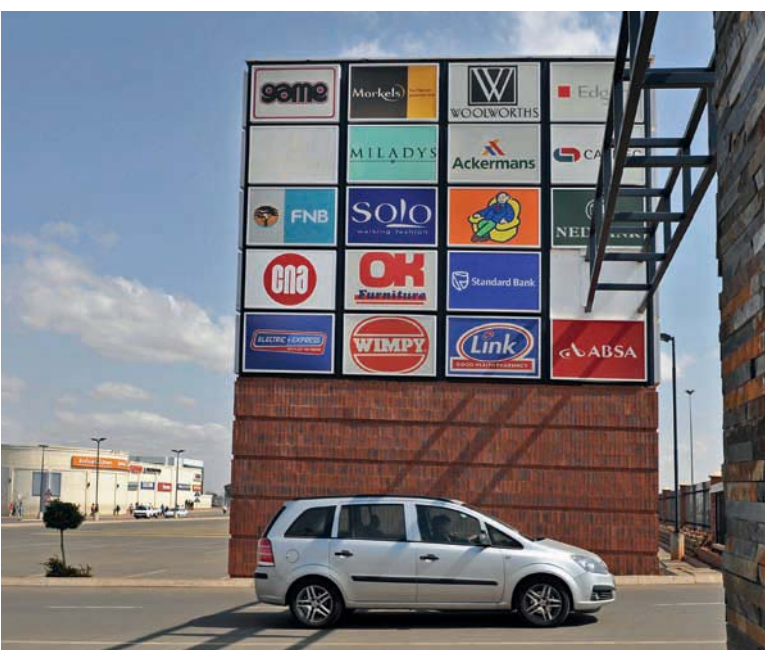
The relationship between developers and municipalities

Generally, negative perceptions held of each other by different roleplayers tend to develop as a result of stereotyping and misunderstandings or a disregard of the role, responsibilities and realities faced by the other. Otherwise, sooner or later both developers and municipal officials appear to assume a more reasonable and rational approach when dealing with each other as both eventually realise that they are mutually interdependent – both in terms of their economic well-being, but also for the benefit of the community. A discernable pattern here was the pivotal role played by professional town planners in facilitating administrative communication and, in some cases, proper dialogue between developers and municipalities.

Nevertheless, when looking at interactions between developers and municipalities, there is clearly a need for greater awareness, sensitivity, and consideration of the roles, responsibilities and difficulties faced by the “other”. What can the roleplayers do within their existing ambits to improve urban land development processes and relationships? Indeed, the roleplayers made several recommendations on how urban land development processes and relationships could be improved. [See p28]. In addition to a much needed major overhaul of policy and structures, concerned parties also need to take greater cognisance of these recommendations as to how each of them can improve the roleplayers’ activities and relationships within their own sphere of influence.

An improvement in the relationships between municipalities and developers, along with clearer protocols for achieving shared outcomes through urban development, would make urban land development more equitable and sustainable without necessarily reducing how well the market operates. In fact, the cases of Cosmo City and Westonaria South have shown that it is possible to steer development to achieve both local government developmental agendas as well as satisfying private sector interests.

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





REFERENCES

Oranje, M, van Huyssteen, E, Oosthuizen, R and Bothma, H. (1999). *A report on provincial planning legislation in South Africa*. Prepared for the National Development and Planning Commission.

Statistics South Africa (2002) *Building statistics, 2002*. Pretoria: Statistics South Africa.

Statistics South Africa (2003) *Selected building statistics of the private sector derived from data reported by local government institutions, 2003*. Pretoria: Statistics South Africa.

Statistics South Africa (2004) *Building statistics, 2004*. Pretoria: Statistics South Africa.

Statistics South Africa (2005) *Building statistics, 2005*. Pretoria: Statistics South Africa.

Statistics South Africa (2006) *Selected building statistics of the private sector as reported by local government institutions, 2006*. Pretoria: Statistics South Africa.

Statistics South Africa (2007) *Selected building statistics of the private sector as reported by local government institutions, 2007*. Pretoria: Statistics South Africa.

Statistics South Africa (2009) *Selected building statistics of the private sector as reported by local government institutions, August 2009*. Pretoria: Statistics South Africa.

Urban LandMark
Office 112 Infotech Building
1090 Arcadia Street
Hatfield 0083
South Africa

Tel: +27 12 342 7636
Fax: +27 12 342 7639
Email: info@urbanlandmark.org.za

www.urbanlandmark.org.za