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MINISTRY OF TRANSPORT AND PUBLIC WORKS

Dustin Kramer
Deputy General Secretary
Social Justice Coalition

Dear Mr Kramer

JOINT SUBMISSION TO THE WESTERN CAPE GOVERNMENT OF TRANSPORT AND PUBLIC WORKS

With reference to your letter, dated 17 April 2014, and a telephonic discussion between the former MEC for Transport and Public Works Mr Robin Carlisle and your Mr Kramer on 25 April 2014 this office wishes to respond as follows:

It is true that there is a severe shortage of available land in the Metro and that this contributes to the backlog in the provision of adequate housing by government. Whilst the land parcels making up Ysterplaat, Wingfield, Youngfield, and Denel may well accommodate the need of all existing informal dwellers in the Metro, the National Government has, however, not heeded nor often even acknowledged our, and the City's, stream of requests for access to any of this land for these purposes.

While we agree that the legacies of apartheid-type spatial planning need to be reversed, you will appreciate that all three spheres of government have different core obligations aimed at achieving that result. Thus, for example, the primary driver of informal settlement upgrades and housing developments is now the Metro. This notwithstanding it is indeed official policy to proactively use our property assets to pursue the constitutional objectives placed on us, including the eradication of the effect of apartheid-type spatial planning. This is one of the founding principles in the Two Rivers Urban Park project. A similar approach is considered for some of the other properties we are currently investigating namely the old Conradie Hospital site, a large school site in Ottery, the underutilised

Stikland hospital site (and including the substantial Woodstock hospital site which is being transferred to the City for housing purposes) to name but a few.

The position you take, namely that the Western Cape Government "must halt the sale and/or lease of four properties showcased at the investors' conference" and that our "actions are unlawful", appears to stem not only from a failure to appreciate the above, but also suffers from lack of insight regarding the objectives and intent of our Regeneration Programme and this is something that MEC Corle addresses below. Your submission will nevertheless be considered along with the twenty or so other Expressions of Interest that were received.

[This Province will not be able to meet its obligations, particularly to the poorest of the poor, unless it manages its assets effectively, efficiently and for the sustainable good of its residents. The Regeneration Programme was accordingly set up to extract maximum value from the most valuable inner city properties to create an income stream and a development fund from which projects for the poor can be cross-subsidised. The Programme in essence focuses on two mutually inclusive objectives namely value extraction (specifically in relation to generating an income stream) and urban regeneration (improving the precincts where we own land in terms of socio-economic imperatives). Inherent is the imperative to repopulate the central city areas at much higher levels of both density and representivity.]

This department is working tirelessly to engage with all spheres of government, its entities and the private sector to enter into agreements focusing specifically on inner city densification, mixed use and residentially led developments. Good governance requires an integrated and transversal management approach. Planning related to spatial, infrastructure and transport imperatives must be aligned with social, economic, environmental, cultural and financial objectives. The department's approach to this complex arrangement of issues is to tackle property development, and specifically the release of properties, in a programmatic manner and not on a site-by-site basis.]

Clearly, not all properties are suitable for exactly the same types and mix of buildings and usage.

In understanding the programmatic approach it is important to note that the types of developments that our design teams and researchers suggest for these properties correspond with the feedback the department obtained from the Investors Conference. Consensus is that in order to extract maximum value these sites are in most cases best suited to high density (multi-storey) mixed use and residentially led environs, meaning a good mix of residential building types complemented by commercial and other support facilities. It would be incorrect to assess these efforts on a site-by-site basis.

As was indicated at the Investor Conference the group of four sites referred to is a first tranche and that more are to follow. In all these the market was presented with an opportunity to utilise the development potential of the sites but without ever owning them. This is done so that future generations will (in say 30 or 50 years' time) again have an opportunity to decide how to utilise this most valuable, finite and irreplaceable resource, namely property. Following the Investor Conference and the call for Expressions of Interest on the four sites, the Department will within months request the market to make formal proposals for the development of the sites. Considering the objectives of the Regeneration Programme these proposals will be assessed in a balanced way so as to ensure that only the highest and best use solutions are taken forward.

There is a vast difference between developing housing in the CBD and developing housing at the edges of the Metro. The financial modelling for affordable low cost and social housing is heavily dependent on aspects such as government subsidies, free land and ownership solutions. In the inner city this modelling is simply impossible to apply and a very different approach, factoring in the high cost of land, the cost and complexity of building high-rise structures, issues of cross-subsidisation within mixed-use, mixed-tenure solutions and the management, maintenance and operations of such developments, is required.

With this as background the department believes it is going about its business in a responsible manner and that our decisions and actions with regard to these properties, based on considerations of policy, are not unconstitutional as you have alleged. The Province will therefore continue with this work. In doing so it will consult with all relevant parties (including the parties to the submission) who may contribute constructively to realising the dream of a better City and a better Province.

Thank you for your interest.

Kind regards

A handwritten signature in black ink, appearing to read 'DAG Grant', written in a cursive style.

DONALD GRANT
MINISTER OF TRANSPORT AND PUBLIC WORKS

DATE: 11 June 2014