Apartheid spatial planning moved the majority of Capetonians to settlements away from the inner city and excluded residents from economic opportunities. It created a fragmented city.

When we adopted our Organisational Development and Transformation Plan (ODTP) in August 2016 we established the Transport and Urban Development Authority to bring the functions of urban planning, formal housing delivery and integrated transport together in order to redress the imbalances of the past and ensure transformation through Transit-Oriented Development (TOD).

Our vision is to continue transforming Cape Town into an inclusive and caring society that delivers opportunities for economic growth and freedom for all its people through service delivery excellence. Further, as an extension of our TOD Strategic Framework that was approved in 2016, the City has advanced its objectives of providing affordable and inclusionary housing in the urban core that is easily accessible to public transport and urban opportunities.

Our vision is therefore to enable denser development, addressing spatial inequality with a mix of affordable and market-related housing and creating economic opportunities in our inner city so as to create a place with a vibrant and diverse economy that is accessible to all.

We are moving away from a piecemeal development approach towards a precinct development perspective. The City is applying an investment-like approach, in developing City-owned sites for housing opportunities, so as to foster integrated communities and enable economic and operational resilience for households.

City-owned land parcels will be made available to prospective bidders to not only develop inclusive and affordable housing but also invest in our urban fabric. The use of City-owned land in this way is to mitigate the negative effects of gentrification and to reduce the cost of development in the urban core - something that has for so long been the main stumbling block for providing affordable housing in the inner city.

I am excited to see a design-led approach that purposely masks the differences in income and tenure through the use of similar design and architecture throughout the development. This will facilitate the development of integrated communities that celebrate our diversity and cultures.

I believe that Cape Town is well on its way to becoming a leading African and international city of the future, and the successful development of affordable housing in the inner city will ensure its resilience.
When the Transport and Urban Development Authority (TDA) was established on 1 January 2017, we said that the City must change our approach to affordable housing. We said that from now on we would begin to leverage City-owned assets such as land and property to achieve spatial transformation to create an inclusive urban fabric.

In Cape Town, as with other major cities in South Africa, during apartheid the majority of the poor were consigned to settlements far away from work, where residents had limited access to services and opportunities. The spatial separation of communities created a highly fragmented city, confining poorer residents to the urban fringes where there was little or no investment to stimulate economic activity. Here residents were, and still continue to be, forced to use a large proportion of income on transport to job opportunities located in other areas of the city.

My focus during the previous term was on the development and roll-out of affordable integrated public transport. The MyCiTi bus network has created a more affordable, safe and reliable public transport option to allow our residents to access other areas of the city more cheaply and easily. The planning for the next phase and roll-out of more MyCiTi services are being expedited. Affordable transport is one way to alleviate the economic exclusion resulting from apartheid spatial planning, but it is not enough. We seek to take this further by enabling more integrated communities through creating new affordable housing opportunities in the city.

This government made a commitment to do everything within our means to expedite new housing developments that are inclusive and to ensure that housing opportunities for lower-income households are situated on well-located land. We undertook to, within our means, provide our residents with safe, decent, and affordable housing as close as possible to where they work; or at least as close as possible to where they can get onto a bus, train or minibus-taxi. In these ways we are seeking to reverse the legacy of apartheid.

Following the Organisational Development and Transformation Plan (ODTP) we established the TDA just nine months ago, and we have been working hard to develop these aims. I am proud to present this Prospectus on affordable housing for the Inner City, Woodstock/ Salt River Precinct as a first step in beginning to prioritise the creation of new, affordable well-located housing opportunities for our residents with the aim of contributing to the reversal of the tragic spatial impacts of apartheid.

The need is great. We estimate that approximately 650 000 families earning less than R13 000 a month will rely on government for some kind of assistance for housing between now and 2032. This large demand is a result of unemployment, slow economic growth, and rapid urbanisation – Cape Town’s population has increased by 56% between 1996 and 2016 and this trend is set to continue.

We cannot overcome this demand backlog alone. The purpose of the Prospectus is to enable the City to leverage its assets – these well-located parcels of developable land - and open them up to the social and affordable housing development companies so that the experts in that arena can develop these areas and provide a range of affordable housing options for the city’s residents.
ABBREVIATIONS USED IN THIS PROSPECTUS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BEPP</td>
<td>Built Environment Performance Plan</td>
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<tr>
<td>BRT</td>
<td>Bus Rapid Transit</td>
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<tr>
<td>CRU</td>
<td>Community Residential Unit</td>
</tr>
<tr>
<td>FLISP</td>
<td>Finance Linked Individual Subsidy Programme</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
</tr>
<tr>
<td>MSDF</td>
<td>Metropolitan Spatial Development Framework</td>
</tr>
<tr>
<td>MTIIF</td>
<td>Medium Term Infrastructure Investment Framework</td>
</tr>
<tr>
<td>NHFC</td>
<td>National Housing Finance Corporation</td>
</tr>
<tr>
<td>ODTP</td>
<td>Organisational Development and Transformation Plan</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposals</td>
</tr>
<tr>
<td>SHI</td>
<td>Social Housing Institution</td>
</tr>
<tr>
<td>SHRA</td>
<td>Social Housing Regulatory Authority</td>
</tr>
<tr>
<td>TAP</td>
<td>Transit-Accessible Precinct</td>
</tr>
<tr>
<td>TDA</td>
<td>Transport and Urban Development Authority</td>
</tr>
<tr>
<td>TOD</td>
<td>Transit-Oriented Development</td>
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</table>
DEFINITIONS USED IN THIS PROSPECTUS

**Affordable housing**: Traditionally affordable housing refers to housing with prices or values below the overall open market value which target below-average incomes. In this Prospectus, affordable housing refers to the household income brackets of R3501 – R18000 per month, and is inclusive of social, GAP, and inclusionary housing. It also refers to residential units valued at R500 000 or less.

**Mixed-income developments**: Housing developments that contain a mix of income groups within the same site. This facilitates the development of integrated communities, and allows for cross-subsidisation of lower-income groups by higher-income groups.

**Mixed-use developments**: Developments that contain a mix of residential and complementary non-residential uses. This allows for the cross-subsidisation of affordable housing by the commercial element of the development. It also facilitates the creation of integrated human settlements, through access to social, economic, and recreational opportunities.

**Transit-Accessible Precinct (TAP)**: These are precincts confined to a 500m radius from a higher order public transport station. This includes a rail or Bus Rapid Transit station, or a public transport interchange. They are identified based on their level of access to the transit network.

**Transitional Housing**: Transitional housing in this Prospectus refers to accommodation for individuals or families who have to be relocated as a result of eviction, or temporarily moved as a result of the upgrading of sites on which they lived. This accommodation is an intermediate solution until such time as individuals or families can move into permanent accommodation.

**Tenure-blind design**: a design practice that purposely masks the differences in income and tenure through the use of similar design and architecture throughout the development. This facilitates the development of integrated communities.
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SECTION ONE: INTRODUCTION

1.1 HISTORICAL CONTEXT: KEEPING WOODSTOCK OPEN TO ALL

In 1986 the people of Woodstock — black and white — campaigned together to oppose the Group Areas Act. This notorious instrument of apartheid helped to shape Cape Town as a sprawling, racially segregated city, by forcibly removing black people from well-located areas including Claremont, Newlands, Constantia and Sea Point, to the far-flung townships of the Cape Flats.

The declaration of Woodstock’s neighbour, District Six, as a white-only area, and its subsequent demolition in the 1970s, has become a seminal moment in the history of the city. In contrast and despite the best efforts of the apartheid state, Woodstock and Salt River, were never successfully segregated. Although parts of them were declared white areas, they remained home to a diverse community of Capetonians, many of whom lived as neighbours for generations, in defiance of the government’s attempt at socially engineering these areas.

The vigour of the ‘Open Woodstock’ campaign in the 1980s helped to lay the basis for the repeal of the Group Areas Act in its entirety, and contributed to forging a progressive identity for Woodstock and surrounding areas in their celebration of diversity and social solidarity.
This relatively recent history is but one of the many layers that have shaped this unique part of Cape Town and South Africa – an area that was once home to Khoi pastoralists who grazed cattle and sheep on the banks of the Salt and Liesbeek rivers. The establishment of a Dutch colony in 1652 conflicted sharply with this pastoralist society and set the scene for much of South Africa’s troubled history as settler farmers laid claim to land along the Liesbeek River, developed with the use of slave labour.

The urban origins of the suburb that later became Woodstock evolved over time and historians record that it was once a fishing village named Papendorp. By the late 1800s immigration had made Cape Town increasingly diverse with a large African community, Jewish migrants from Eastern Europe, Muslims and Pathans from India’s north-west frontier, Gujarati-speaking Hindus, Tamils from Madras and Bengali-speakers from eastern India as well as Northern European Protestants and British settlers. Many of these people lived in the vibrant working class communities of Woodstock, Salt River and District Six.

As the city grew, Cape Town’s first industrial sites were established here. These included the new railway workshops in 1859, where working days were long and exhausting. The city’s growing manufacturing industry also took root in the area, and factory workers were a vital part of the community until very recently when the garment industry, with its largely female work force, shrunk considerably under the pressures of globalisation.

The arrival of the rail service, which was extended to Woodstock in 1862, hastened urbanisation and the area’s old farms were soon subdivided for housing. Old farms, early developers and industrialists live on in the street names and buildings that contribute to the area’s historic character.

In the 1950s the reclamation of land for the development of Cape Town’s foreshore came at a high price when the Woodstock Beach, a favourite bathing spot for generations, was destroyed as part of the land reclamation process.

Today Woodstock and Salt River, which are amongst the country’s oldest suburbs, are part of a rich and varied history, in which strong community bonds have been forged and homes created in spite of economic hardships and human rights abuses meted out by apartheid.

There is, though, a growing recognition that the layers of history, culture and architecture that make the area so compelling have the potential to change it forever. As property prices continue to rise many of the working class tenants that have been an established part of life in Woodstock and Salt River since its foundation in the colonial era, are being displaced.

Through this innovative process of releasing well-located land in this part of the city for development as affordable housing and rental accommodation, the City of Cape Town would like bidders to pay tribute to the area’s rich history and reaffirms the commitment to redressing past injustices and building a city that is inclusive of all. It is considered critical that submissions through their designs, acknowledge the rich cultural diversity of the area, as well as embrace the principles of inclusivity and economic resilience while at the same time looking for technological innovations that enable the operational sustainability of affordable housing.
**WOODSTOCK AND SALT RIVER**

**POPULATION**
- 19,233

**HOUSEHOLDS**
- 5,187

**AVERAGE HOUSEHOLD SIZE**
- 3.71

<table>
<thead>
<tr>
<th>AGE</th>
<th>0-4</th>
<th>5-14</th>
<th>15-24</th>
<th>25-64</th>
<th>65+</th>
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<tbody>
<tr>
<td></td>
<td>7.2%</td>
<td>11.5%</td>
<td>20.4%</td>
<td>53.8%</td>
<td>7.1%</td>
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**MONTHLY HOUSEHOLD INCOME**

- **R102 401 OR MORE**: 0.99%
- **R51 201 – R102 400**: 4.58%
- **R25 601 – R51 200**: 12.58%
- **R12 801 – 25 600**: 18.67%
- **R6 401 – R12 800**: 17.57%
- **R3 201 – R6 400**: 14.43%
- **R1 601 – R3 200**: 10.38%
- **R1 – R1 600**: 9.68%
- **NO INCOME**: 11.13%

**EDUCATION**

- **HIGHER**: 27.75%
- **GRADE 12**: 34.80%
- **SOME SECONDARY**: 27.54%
- **PRIMARY COMPLETED**: 3.25%
- **SOME PRIMARY**: 5.19%
- **NO SCHOOLING**: 0.86%

**TYPE OF DWELLING**

- **FORMAL**: 98.03%
- **BACKYARD**: 0.44%
- **INFORMAL**: 0.37%
- **INFORMAL SETTLEMENT**: 0.16%
- **OTHER**: 1.16%

**EMPLOYMENT**

- **WORKING POPULATION 15 – 64 YEARS**: 14,275

<table>
<thead>
<tr>
<th>EMPLOYMENT</th>
<th>36.97%</th>
<th>1.51%</th>
<th>9.33%</th>
<th>52.19%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOT ECONOMICALLY ACTIVE</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>DISCOURAGED WORKSEEKER</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNEMPLOYED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPLOYED</td>
<td></td>
<td></td>
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</table>

| UNEMPLOYMENT RATE | 15.17% | Proportion of the working age population that is unemployed |
| LABOUR ABSORPTION RATE | 52.19% | Proportion of the working age population that is employed |
| LABOUR FORCE PARTICIPATION RATE | 61.52% | Proportion of the working age population that is employed or unemployed |

**TENURE STATUS**

- **OWNED AND PAID OFF**: 23.66%
- **OWNED AND NOT PAID OFF**: 23.91%
- **RENTED**: 49.00%
- **OCCUPIED RENT-FREE**: 2.06%
- **OTHER**: 1.37%

SOURCE: 2011 Census data, Statistics South Africa
1.2 THE OPPORTUNITY EXPLAINED

The legacy of apartheid is evident in Cape Town’s urban form. Poorer communities live in dispersed settlements, far from economic opportunities and spend on average more than 40% of their monthly income on public transport to travel between homes and places of work. This legacy also entrenches social divisions in society and inhibits the economic growth potential of the city. At the heart of this current urban reality is housing.

The City of Cape Town has committed itself to ensuring the development of affordable housing for its citizens, that is well-located, close to public transport networks, and easily accessible to job opportunities. As a result of this strategic approach, the City of Cape Town has embarked on this Prospectus and RFP process with the intent to facilitate the development of mixed-income, mixed-use affordable housing in the Woodstock, Salt River, and inner city areas.

This is an exciting opportunity for bidders together with Social Housing Institutions (SHIs) to innovate and contribute towards the City of Cape Town’s vision of integrated, livable, and well-located human settlements.

In Woodstock, Salt River, and surrounds, a total of 11 sites of City-owned land have been made available for housing development. Five of those sites have been identified for development as affordable housing, with a focus on social housing, in this Prospectus. A further three sites have already been allocated to Social Housing Institutions (SHIs) for development as social housing, with another one site to be developed as affordable housing in the future. The remaining two sites will be developed by the City of Cape Town as transitional housing.

This Prospectus and related RFP calls for bidders to submit proposals for the development of the five affordable housing sites (SITES A to E). Bidders can submit proposals for as many of the five sites as they want, but separate standalone proposals that include a complete set of required documents must be submitted for each site. SHRA accredited SHIs can submit proposals by themselves, or in a partnership agreement with private developers. Private developers can also submit proposals by themselves, or in a partnership agreement with a SHRA accredited SHI to make use of the available government grants for social housing. If private developers choose to submit a proposal by themselves, they will be expected to provide a minimum number of units per site targeted at households earning within the social housing income brackets. They will also be expected to develop a mechanism to ensure that these units remain within the social housing income bracket for the life of the project.

Proposals must:

- **Maximize the delivery of units within the social housing income bracket.** In this regard, a minimum number of such units must be accommodated on each site (as indicated in Section 3). While developments are encouraged to contain a mix of incomes, uses, tenure types, and housing typologies, the development of each site must maximize the number of units within the social housing income bracket. A minimum number of such units is specified per site (see Section 3), but proposals are encouraged to improve on these numbers, which will be considered in the scoring process.

- **Innovate around mixed-income, and where appropriate, mixed-use developments, in accordance with the City’s overarching principles of spatial transformation.** Mixed-income housing should consider a combination of social, GAP, and market-related housing on one site, with emphasis placed on maximizing the number of units that fall within the social housing income bracket. Where opportunities exist to provide a percentage of uses other than residential, this should be explored.

- **Innovate around building design, and the use of green technologies that create integrated, sustainable communities.** Innovation and creative design are important aspects of these developments. Learning from international best practice in tenure-blind design is essential, and the use of green technology and alternative building materials is encouraged to ensure that developments are integrated, more operationally resilient, and both financially and ecologically sustainable. High-density development is encouraged, maximizing the potential of the site is a must, with the design responsive to the surrounding areas. Bidders do not have to comply with currentzonings – these can be changed.

- **Ensure the long-term financial sustainability of the development.** Each submission must cost the development in accordance with their conceptual designs and elaborate on all assumptions made relating to funding sources. Further, each proposal must elaborate on the long-term operational and maintenance costs. A 30-year time horizon should be used for financial sustainability plans.

Proposals will be scored based on the above criteria. Proposals that exceed the minimum requirements will score higher than those that just meet the minimum. Overall, this approach aims to encourage innovation and ensure the long-term financial sustainability of social and affordable housing, while creating integrated communities and furthering the City’s spatial transformation agenda.
2.1 STRATEGIC IMPERATIVE

Each bidder needs to show how their proposed development will further the City of Cape Town’s strategic aims, as highlighted below.

Integrated Development Plan, July 2017 - June 2022
A number of the 11 transformational priorities expressed in the City of Cape Towns’ Integrated Development Plan (IDP) for 2017 - 2022 relate to this project, and accordingly each submission needs to clearly demonstrate how their proposals realise these transformational priorities. These include:

- Excellence in basic service delivery with the City endeavouring to deliver services at a level that will actively improve residents’ living conditions and health, and promote individual and community welfare.

- Dense and transit-oriented growth and development, to change, develop, and stimulate the built form of the city so that the movement patterns of people and goods are optimised to create urban efficiencies and enable social equality and economic development.

- Building integrated communities, through proactively and directly working to reverse the impact and practices of apartheid to improve all Cape Town residents’ quality of life.

- Resource efficiency and security through promoting resource efficiency, diversifying resource consumption and sourcing, managing and protecting green infrastructure, and restoring key ecosystems.
10 Point Human Settlement Turnaround Action Plan 2017/2018 and MTREF

The Action Plan calls for innovative implementable solutions to achieve integrated, sustainable communities in response to population growth and the ever increasing housing demand. This redirects the human settlement agenda to promote consolidation within the urban core and ensure densification and intensification of development in support of transit-led investment. Tenure-blind developments and a change in the design of social, transitional and low-income housing alternatives are viewed as key enablers in the delivery of this outcome. Amongst the ten priority interventions outlined in the Action Plan is the identification of housing opportunities close to BRT and rail stations as part of the inner cities human settlement strategy; and accelerated delivery of social housing opportunities hence the release of the multiple sites in the Woodstock, Salt River and surrounding areas for development.

Transit-Oriented Development Strategic Framework

The focus on well-located affordable housing reflects the City of Cape Town’s Transit-Oriented Development strategic principles, which promote higher levels of densification in areas close to public transport, as well as a better mix of land uses and intensification, to facilitate spatial, social and economic integration.

The sites listed in this Prospectus that have been put forward for proposals are all located within the Voortrekker Road Corridor Integration Zone, as detailed in the City’s Built Environment Performance Plan (BEPP). In this context each proposal needs to demonstrate how TOD principles have been introduced. This includes, but is not restricted to, how your proposal addresses:

- Parking
- Access to and from the site
- Introduces the concept of: density; land use intensity; tenure blind; green technologies
- Any recommendations of public sector interventions to enhance the TOD principles at a site level

Integrated Settlements Five-Year Plan

The 2016/17 review of the City of Cape Town’s Integrated Human Settlements Five-Year Plan, highlighted the strategic priority of supporting higher-density, affordable apartment-unit investment around transport corridors and priority nodes, in order to encourage both public and private development by means of investment incentives, planning and building plan approvals, and special concessions in respect of development contributions. Mixed-use developments and the use of green technology in housing design, is encouraged as part of a focus on innovation and sustainability.
2.2 PRECINCT DEVELOPMENT APPROACH

The affordable housing development outlined in this Prospectus, represents a strategic change from a piecemeal development approach across the city, towards a focused precinct development approach. This is in line with Transit-Oriented Development that emphasises the need for densification and intensification in areas close to a Transit-Accessible Precinct (TAP).

Woodstock, Salt River and surrounds are ideal locations for the development of affordable housing, as these suburbs are well-located, being close to public transport and employment opportunities. It is envisioned that a total of approximately 4 000 housing opportunities will be developed within the precinct.

It is envisioned that further work will be done on a comprehensive precinct-development approach for the Woodstock, Salt River and surrounding areas, that includes a focus on public spaces and social amenities, amongst others, and will be strongly grounded in community participation.

2.3 OVERVIEW OF HOUSING TYPOLOGIES

Affordable housing in the context of this Prospectus includes social, GAP, and inclusionary housing typologies listed below. Each site should include a mix of affordable housing typologies, and can include market-related housing as a cross-subsidisation mechanism where appropriate. It is important to note that the proposed developments should not only target the higher income of each affordable housing bracket, but rather serve the entire income spread of each typology. Certain government subsidies will facilitate the development of different affordable housing typologies. The housing typologies and associated government grants that can be factored into the costing of the affordable housing developments include:

**Social Housing:** According to the Social Housing Act 16 of 2008, accredited SHIs receive subsidies from the SHRA to provide and manage social housing developments. This includes subsidised rentals for households with a monthly income between R3 501 – R15 000 (the qualifying monthly income bracket for social housing). SHRA regulations scheduled to be released in the next few months will specify the percentage of units that should be spread across the R3 501 – R15 000 income bands. The new Restructuring Capital Grant amount for the construction of social housing is R265 000 per unit. Bidders can visit the SHRA website for more information on Social Housing at www.shra.org.za.

Private developers who wish to deliver residential units without a SHI partner are expected to deliver units that fall within the above mentioned social housing household income bracket.

**GAP Housing:** The creation and promotion by the government of housing opportunities (owned or rental), in partnership with the private sector, for people earning a monthly income of up to R15 000. Nationally the houses are financed by the National Housing Finance Corporation (NHFC) through an intervention called the Finance Linked Individual Subsidy Programme (FLISP), which gives all qualifying beneficiaries the certainty of being granted loans, bonds, or mortgages by banks and other financial institutions. FLISP can be used for ownership or rental units.

**Inclusionary Housing:** For households earning between R3 501 - R18 000. Costs are normally covered by the developer in exchange for enhanced planning or development rights. Inclusionary housing can be owned or rented.
2.4 APPROACH TO DESIGN

This Prospectus is not prescriptive when it comes to design guidelines, as innovation is highly encouraged.

However, the proposed design has to be in keeping with the character of the surrounding area, and has to improve integration - both between residents within the development, and between residents and the surrounding community. The design has to have a positive interface with the surrounding public space, with visual connections with the public realm being optimised. The interface between the public and private realm should be designed in such a way as to ensure active building frontages. Densification is highly encouraged on appropriate sites, nevertheless there are some site-specific restrictions that would have to be observed (see site-specific details in Section 3).

The piloting of tenure-blind design is a key part of a new approach to creating integrated communities. This is a design practice that purposely masks the differences in income and tenure through the use of similar design and architecture throughout the development. The use of green technology, particularly in the areas of electricity and water, as well as the use of alternative building material, is also encouraged. Thought should be given to shared public spaces, including playgrounds or allotment gardens, if appropriate.

2.5 FINANCIAL MODEL

Bidders are expected to submit a financial model for their development proposal. The financial model is a preliminary viability model for the development and includes operational and maintenance financing to demonstrate the financial feasibility of the development proposal.

In developing the financial model for each site, the bidder should be guided by the financial covenants required by the SHRA in their Quick Scan C Project Financial Viability Tool which enables the bidder to obtain SHRA endorsement of the development and enable access to the necessary Restructuring Capital Grants and the Institutional Grants ease towards the construction of the social housing units. All proposals, regardless of whether they include social housing or not, must submit their financial model in this format.

Bidders should utilise 1 October 2017 as the Base Date for all their calculations in the financial model.

The financial model must be prepared in MS-Excel or a compatible format saved to a flash drive showing all inputs and outputs to the financial model. A fully formatted ready for print copy must be saved in pdf format, showing at least all inputs and outputs to the financial model. The flash drive must also contain succinct instructions on the use of the financial model.

2.5.1 Elements of the financial model

At a minimum the financial model should provide the following elements:

- Proposed development yields for each of social housing, (or units in the social housing income brackets), GAP, and market-related units for each site.
- Proposed development yields for all non-residential uses for each site.
- The financial model should also reflect capital expenditure costs which may include:
  - Land value: The bidder should include the calculation that forms the basis of the land value that has been indicated in the financial model
  - Bulk infrastructure costs and development contributions
  - Internal services
  - Top structure construction
  - External works
  - Professional fees
  - Sundry development costs
  - Project overheads
  - Finance costs
  - Contract price adjustment up to construction completion.
• Allowance for available City land concessions, available City incentives and subsidy grant funding for the social housing components of the development (refer to 2.5.3).
• Quantum of subsidy grant funding and indicative timing for the receipt thereof (if applicable).
• Projected revenues generated from property sales, property rentals, parking and any other revenue sources including price escalations at the appropriate rates. Selling prices are to be provided as a lump sum and on a square metre per unit.
• Project financial indicators such as the Internal Rate of Return and the Debt Service cover ratio.
• Monthly cash inflows and outflows over the planning and construction period and during the property operations period.
• Articulation on the details of the cross-subsidisation model between market-driven elements and social housing. This may be in the form of channelling of profits back into the social housing components (or units catering for households in the social housing income bracket). GAP housing should as much as possible be utilised in meeting the cross-subsidisation objective. Preference will be given in the scoring of the models that adopt an integration strategy that optimses the number of social housing units
• The model must show the spread of social housing units across the different household income levels
• Bidders must include a mechanism to ensure that GAP housing remains so for the life of the development
• If private developers choose not to form a partnership agreement with a SHI, they must show the spread of units across the social housing income bracket; and they must identify a mechanism that they will use to ensure that these units will remain within a social housing income bracket, for the life of the development
• Proposed phasing for the development. Bidders are encouraged to submit proposals to develop as much social housing as possible in the initial phases of development. Bidders who leave the social housing (or units catering for households in the social housing income brackets) component until the last phase will negatively affect their scoring in this regard.

It is important that the bidder articulates all assumptions made in developing the financial model.

2.5.2 Funding Sources
The bidder should provide an indication of the funding sources that are available and/or will be mobilised in order to achieve project viability. It is expected that the bidders will raise their own funding to finance the development costs over and above the available government subsidy grants and concessions offered to them by the City.

2.5.3 Land Disposal
Bidders should be aware of the following land disposal options that are available to them which will influence their pricing for land in their development proposal:

a) Long-term (30 year) leasehold applicable on social housing components of the development, made available at a nominal rate of approximately R150 per annum (not available for private developers if they submit bids by themselves).

b) Land sale based on a nominal value calculated at 10% of the current market valuation on social housing components (not available for private developers if they submit bids by themselves).

c) Land sale at market value based on the current market valuation on other residential components and/or complementary land-uses.

The administrative process for the land sale will need to be concluded prior to the commencement of construction for the development. The timing of the capital outlay for such should be clearly indicated in the proposed development cash flow. It is anticipated that this will be a once off payment. The land disposal will be facilitated by way of a Land Availability and Development Agreement.

2.5.4 Incentives
The City of Cape Town at minimum will offer the following incentives for the proposed developments in order to advance its social housing objectives:

• Development charges: waiving or reduction in development charges proportionate to the affordable housing component. 50% reduction in the development charges, proportionate to the affordable hourly component.

• Discounts on land costs: land will be sold at a discounted rate (refer to 2.5.3).

• Municipal planning and building fees: waiving of planning and building charges.

• Rates: Rates exemption for social housing component or rebates according to the value of the affordable housing units, to reduce the operational cost of units and with it the rental levels.

• Assistance with the necessary planning approvals process, where appropriate.

The development proposal should be viable based on the minimum incentives indicated. In addition, on a project by project basis, the City will consider awarding other incentives in return for additional benefits. These may include:

• Reduction in the parking ratios

• Increases in density and height conditions

• Application for a municipal Densification Top-Up Grant subsidy or interest free loan

• Application for a Green Bond
The sites that are available for development as affordable housing in this Prospectus are highlighted under section 3.1 (SITES A-E).

Bidders can submit proposals for any number of sites in section 3.1, but must submit fully compliant separate proposals for each site.

This section also includes an overview of sites already allocated to SHIs (section 3.2), a site to be developed in the future (section 3.3), and sites to be developed as transitional housing (section 3.4). These sites do not form part of the call for proposals but provide a comprehensive picture of affordable and transitional housing scheduled to take place in the precinct.
3.1 SITES AVAILABLE FOR DEVELOPMENT AS AFFORDABLE HOUSING

3.1.1 SITE A: Remainder of Pickwick Road [Erf 13814]
Size and location: The Pickwick Road site is approximately 3.3 ha (330m x 90m). It is bounded at the north by an upholstery factory on Copperfield Road; at the east by a four and six storey block of flats; at the south by Nelson Mandela Boulevard, across which are single dwelling residential units; and at the west by Pickwick Street, across which is the rear entrance to the eight storeys high Upper East Side Hotel and a Store All storage facility.

Accessibility: The site is located within 500m of future BRT routes. It is currently accessible to public transport via taxi and buses along Victoria Road. In terms of road infrastructure, the site only has direct access from the north off Copperfield Road.

Zoning: It is currently zoned for Public Open Space, Municipal Purposes and Community Facility. It will have to be rezoned for residential development.

Restrictions: Height restrictions are in place for this site, as it is adjacent to a scenic route, meaning development may not be higher than the Nelson Mandela Boulevard.

Water and sanitation may need to be upgraded if development takes place.

Please note that a small portion of the site will be developed as transitional housing by the City of Cape Town (See 3.4.1 of this Prospectus).

The minimum number of social housing units (or units catering for households in the social housing income bracket) to be provided on this site is 600.
3.1.2 SITE B: Woodstock Hospital [Erven 13130 - 13131; 13132 - 13135; 13138 - 13140; 13143 - 13144; 13146 - RE]

The City of Cape Town has a Power of Attorney on this site, and is awaiting Western Cape Cabinets’ approval to transfer.

Size and location: The Woodstock hospital has a total area of 18 411m2.

Accessibility: The site is strategically located between BRT routes, within 500m of two future higher order public transport stations. In terms of road access, the site has direct access off Earl Street, Mountain Road, Victoria Road, and Nerina Street.

Zoning and land use: The site is zoned General Residential 4. The zoning permits high density development. The surrounding environment is predominantly characterised by single-dwelling residential development with portions of commercial development abutting Victoria Road. There are also public facilities and recreational amenities within walking distance of the site.

Infrastructure capacity: Currently limited sanitation infrastructure capacity in the surrounding areas according to the draft Medium Term Infrastructure Investment Framework (MTIIF, 2016). To this end, any significant new development must take cognisance of the projected impact it will have on current capacity and the costs associated with providing additional capacity.

The minimum number of social housing units (or units catering for households in the social housing income bracket) to be provided on this site is 700.
3.1.3  SITE C: Woodstock Hospital Park [Erven 13126, 13127, 13136, 13137]
The Park is zoned Public Open Space, and Community 1.

The Park next to the Woodstock Hospital is at present relatively under-utilised. The redevelopment of the site must include an interactive public open space. There is currently a crèche on the site, which must be incorporated in the re-development of the site.

The minimum number of social housing units (or units catering for households in the social housing income bracket) to be provided on this site is 200.
3.1.4 SITE D: New Market Street [Erf 14888]
Size: This site is 8483m2.

Zoning and Land Use: It is currently zoned Public Open Space, and it is being leased as a parking area for surrounding offices.

It is noted that the site is located on reclaimed land, and as such there are potential constraints related to the foundations. This should be factored into any development costs.

The minimum number of social housing units (or units catering for households in the social housing income bracket) to be provided on this site is 300.
3.1.5 SITE E: ‘Fruit and Veg’ [Erf 5667]
This City-owned land is currently leased to Fruit and Veg. The site is located in the inner city area, along Canterbury Road and is 2730m2.

Zoning and Land Use: Currently zoned Mixed Use 2. The development parameters associated with MU2 allows for high-density vertically mixed-use development. In terms of the surrounding land use, there is high density residential development opposite Bloemhof Street, medium-density offices along Canterbury Street, medium-density mixed commercial uses (retail and office) along Roeland Street, the site is also within walking distance of multiple educational facilities and a clinic.

Accessibility: The site is highly accessible due to its location within 500m of multiple existing and future TAPs. It is in close proximity to two high order feeder stops along Buitenkant street and Gardens BRT station along Mill Street. With regard to road/vehicular access, the site has direct access from Drury, Bloemhof and Kent Street.

The surrounding properties to Erf 5667 are characterised by a mix of uses and contain a level of appropriate land use integration. Integration is best reflected by a mixture of compatible uses (both residential and non-residential) surrounding the site. These include community facilities (educational institutions, clinics), commercial activities (business, office and retail), and recreational facilities (parks and Public Open Space).

Restitution Land Claims: Surrounding vacant properties are part of the erven awarded to the District Six Restitution Claimants in terms of the Restitution of Land Rights Act 22 of 1994. The only site without any restitution claims is Erf 5667. To this end development on the site should have a positive interface with any proposal for the abutting erven. The form and design of the development should be planned holistically with any development proposed on the adjoining pieces of restitution land.

In terms of its future development potential, the site should ideally be used for vertical high density affordable residential development, however it must retain the existing commercial development (Fruit and Veg City) on the ground floor. The land also contains a successful community garden project, Streetscapes, and thought could be given to the way it is integrated in proposed designs.

The minimum number of social housing units (or units catering for households in the social housing income bracket) to be provided on this site is 50.
### SITE A: REMAINDER OF PICKWICK ROAD

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### SITE C: WOODSTOCK HOSPITAL PARK

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### SITE D: NEW MARKET STREET

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### SITE E: FRUIT AND VEG SITE

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3.2 SITES ALREADY ALLOCATED TO SOCIAL HOUSING INSTITUTIONS

The financial models associated with these sites might change due to the recent alteration of the social housing income bands and subsidy.

3.2.1 Pine Road [Erven 153004 & 153005] and Dillon Lane [Erven 13005, 13006-RE, 12998-RE, 12999, 12955, 12997]
The Pine Road and Dillon Lane sites are part of a single development. These sites will have a proposed development of 240 social housing residential units, with development being completed in two phases. The Pine Road site will commence first, with the Dillon Lane development proceeding as a second phase, largely as a result of the rezoning processes required prior to development.

The proposed development will be a mixture of studio, one, and two bedroom units, with roughly equal numbers of each projected.

The proposed development will be between two and four storeys, and the units will incorporate energy savings mechanisms.

3.2.2 Salt River Market [Erven 10559 - 10562, 10619 - 10621, 15291 - 15294, 15201, 149336]
Multiple scenarios for this site have been outlined by the social housing institution responsible for developing this site. The vision for the site is that of mixed-income and mixed-use, with a combination of social housing, GAP housing, retail, and office space.
3.3 SITE FOR FUTURE DEVELOPMENT

3.3.1 Upper Canterbury Street [Erven 77 - 78, 80 - 84, 85-RE, 86]
This site will be available for development at a later stage, and is currently not available for proposals.
3.4 SITES TO BE DEVELOPED FOR TRANSITIONAL HOUSING

The City of Cape Town will make use of Community Residential Unit (CRU) funding to develop these sites. The sites will be handed over to a partner to manage.

3.4.1 Portion of Pickwick Road [Erf 13814]
This site is in the process of being developed. The Pickwick site is located along Pickwick Road in Salt River. A small portion of the site that is currently fenced off, has been identified for development as transitional housing, in order to accommodate the residents of an informal settlement that is currently housed on the Pine Road site. The small portion of the site that already houses a night shelter for boys, will be subdivided. The City has reached an agreement with the shelter management to use the back part of the building for transitional housing units.

It is estimated that around 42 transitional housing units will be developed on this site. A social housing institution has been allocated the rights to design and implement the development, and Community Residential Unit (CRU) funding will be used for this project. An initial estimate suggests that 52 rooms can be developed on this site.

3.4.2 James Street [Erven 12010 & 12011]
This site has been identified for development as transitional housing, in order to accommodate the residents of an informal settlement that is currently housed on the Salt River Market site. An initial estimate suggests that 43 rooms can be developed on this site.
SECTION FOUR: PARAMETERS FOR SUBMISSION OF PROPOSALS

Proposals can be submitted for any number of the available sites. All proposal documentation must be submitted in electronic and printed form. Proposals must be individually packaged per site, and each standalone proposal should include the following:

- Title page indicating the bidders name and the relevant site
- Fully completed RFP document
- Executive Summary
- Contents Page
- Housing typologies and land uses:
  - Development Layouts (Site Development Plan):
    - Proposed land uses
    - Indicative building footprints
    - Details of integration with surrounding area (narrative and diagrammatic), in respect of: Access / movement networks (vehicular) and non-motorised transport routes
    - Artistic impression of the development
    - Street elevation
    - Cross section of the building, indicating development per floor
    - Proposed layout per housing typology unit
  - Indicative Development Parameters (to be submitted in tabular form – refer to RFP Annexure for the table):
    - Bulk per land use
    - Height
    - Coverage
    - Approximate number and area of units, type of units, and non-residential floor area
• Design excellence and innovation:
  • Design excellence and innovation, with particular reference to tenure-blind design, as well as any design elements that foster the creation of integrated communities
  • Indicate usage of green technology, alternative building materials, and building sustainability mechanisms
• Property Management Model: showing maintenance and operational costs separately, over a 30-year time horizon. This should be submitted in the format of the SHRA Quickscan C Project Financial Viability Tool.
  • Show the proposed management model for the various tenancies within the development.
  • Proposed phasing and project schedule. Information should be expressed in a Development Programme using Microsoft Project Gantt Charts
• Financial model: addressing long term sustainability issues. See section 2.5 for more information of what to include.
• Risk analysis: Analysis of development, operational, market, and management risk, and risk mitigation strategy
• Marketing strategy: for the developments, including project positioning, target markets, as well as a market analysis of land price and rental rates for the proposed market components
• Community economic development: proposals should include quantifiable targets of the opportunities created as a result of the proposed development. This can include, but is not limited to, support for small business development, and the employment of local labour during construction and building operations.
• Each proposal must show how the development will further the strategic aims of the City of Cape Town.

Please note that in addition to the above, the Development Layout, Indicative Development Parameters, as well as usage of green technology and innovative design elements should also be expressed on a maximum of 5 A3 posters - submitted in high resolution editable PDFs (minimum 300dpi). This will form part of a public display of all proposals received.
SECTION FIVE: BID EVALUATION PROCESS

5.1 TIMELINE

1. **PROSPECTUS ISSUED**
   29 September 2017

2. Prepare and submit bids (approximately 4 months - refer to RFP for closing date)

3. Screening by the Bid Evaluation Committee to determine initial responsiveness

4. All successfully screened proposals will be open for public viewing and voting for approximately two weeks

5. Evaluation of proposals (approximately 4 months, but this will depend on the number of bids received)

6. Identification of recommended bidder(s) for each site

7. Submission to the Immovable Property Adjudication Committee in respect of land disposal

8. Council approval in relation to land disposal

9. Site awarded to successful bidder(s)
5.2 NEXT STEPS

In order to access the RFP document, prospective bidders must register their interest in bidding for site/s by filling in their details on www.tda.gov.za

This will allow them access to the formal RFP document highlighting supply chain management requirements. A completed RFP must be submitted together with the full list of documentation and requirements as listed in the RFP, in order for the proposal to be responsive. Bidders will also be able to access reference documents once they have registered. These documents include, inter alia:

- Site specific background information
- City Policy documents: IDP 2017-2022; TOD Strategic Framework; Draft MSDF 2017-2022; 10 Point Human Settlements Turnaround Action Plan; Housing typologies presentation
- Background documents on international research and policy related to affordable housing

All prospective bidders, who have registered their intent to submit a proposal, will be invited to attend a briefing session on 24 October 2017.

**STEP 1**
Register as a bidder on www.tda.gov.za

**STEP 2**
Access the RFP and review site specific information

**STEP 3**
Reference City policy documents and background documents

**STEP 4**
Attend briefing session

**STEP 5**
Submit bid per site, together with full list of documentation and requirements, by 27 February 2018
SECTION SIX: PARTNERSHIP APPROACH AND PUBLIC ENGAGEMENT PROCESS

Creating integrated communities lies at the heart of the new inclusionary and affordable housing developments in Salt River, Woodstock, and surrounds.

Public engagement in understanding the vision of the Precinct Development Approach is very important.

As such the City will follow a partnership approach with the intention to collaborate with all relevant stakeholders.

This is a long-term commitment, and constitutes a fundamental change in how the City intends to engage with the public, interested and affected parties, and local community, so that we all work together in ensuring the success of our first neighbourhood-led integration and regeneration project. We need our residents, the private sector, and non-governmental organisations in the housing realm to support us.

The Western Cape Economic Development Partnership will assist in facilitating the public engagement process through bringing together relevant stakeholders, and a broad spectrum of interested and affected parties.

During the planning, construction, and operational phase of the development of the sites, successful bidders will be expected to participate in collaborative urban development and management processes with the relevant stakeholders in Woodstock, Salt River, and the surrounds.
Numerous informal and formal opportunities will be created for residents of Salt River, Woodstock, and surrounds, potential residents of the developments, the broader public, and other interested parties, to engage with the development process of these sites. These opportunities will include information sessions on the City’s vision for the precinct, dialogues, workshops, and other relevant forums where stakeholders can share their knowledge and ideas with the City.

Apart from the informal ongoing engagements mentioned above, the public will have an opportunity to view all the responsive proposals for each site, once they have been submitted. The public will be able to view site proposals for a period of approximately two weeks. Those attending these information sessions will have an opportunity to submit their preferences for each site. These preferences will be carried into the scoring process by the Bid Adjudication Committee when deciding on the successful proposals. The recording of public preferences will be a controlled process to ensure that individuals do not vote more than once.

Once the successful bids have been approved by Council, a full public information sharing process will be initiated. Statutory public participation processes will also take place, in accordance with the Municipal Planning By-law and Municipal Finance Management Act.

A commitment is required from all of us to make Cape Town an inclusive and liveable space where there is room for everyone, and where we share equal access to opportunities, regardless of race and income.