

The Urban Working Group Workshops

80:20 Model : FORTY ON L

The Urban Working Group 1

Workshop 1: Mixed Group, Young Urbanists and Professionals/Senior

Date: 12/04/2017

Time: 14:30 - 16:00

Venue: 1st Floor Boardroom, 32 St. Georges Mall

Notes: Prepared by Lucia Schlemmer & Henry Fiegler

Number of Attendees: 8

Key Insights :

- Key Insight 1: Not much praise for the shared or common areas in the development which was surprising
- Key Insight 2: Concerns around the height, but only minor concern when the surrounding school, St. Monica's etc. was shown, and the setbacks were indicated on a Google Map, as well as some concerns about the development and relation to the heritage of the area
- Key Insight 3: Concern that the affordable units are clustered together at the front of the development (but clearly explained by RS)
- Key Insight 4: Need to place more emphasis on co-design (pro-active) rather than a top-down development (need to create a space for dialogue)
- Key Insight 5: No real support for the Tea Room and its location. Feel it can be removed entirely and subsidise the more-affordable units

Suggestions to consider:

- Suggestion 1: More preferable if the more-affordable units are sold to a company/entity or subsidiary who manages the stock as rental stock-
 - Martin Kearns of the V&A said we were trying to take on too much (selling them, setting terms on the title deeds, restrictions on renting, achieving a departure etc.)
- Suggestion 2: Recognition that parking rations required are often quite high (but not a major concern) - transport analysis needed
- Suggestion 3: Spreading the affordable units throughout the whole development, not clumped together
- Suggestion 4: Choose a less conscientious site

Action points:

1. Action 1: Need to work on a parking/ transport strategy
 2. Action 2: Infographic needs to depict slope and maximum bulk
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The Urban Working Group 2

Workshop 2: Young Urbanists

Date: 22/05/2017

Time: 18:30 - 20:30

Venue: 1st Floor Boardroom, 32 St. Georges Mall

Notes: Prepared by Lucia Schlemmer & Henry Fieglar

Number of Attendees: 11

Key Insights :

- Key Insight 1: Attendees thought the idea of a third-party taking over management/ operation of the building would be a better idea
- Key Insight 2: Sale Restrictions (Deed Restrictions v.s. Corporate Restrictions)
 - Rental would work, however you don't want to restrict the seller in terms of moving up the property ladder
 - Restricting the sale seemed to be a conscientious point amongst the attendees
- Key Insight 3: Rent to Own - however Rahla clarified that the private sector would not be willing to manage this, thus we would need a separate institution for this, as well as someone to bridge the finance period
- Key Insight 4: No support for the tea room - concerns of it becoming a 'glorified corner shop' for the kids coming from school

Suggestions to consider:

- Suggestion 1: Having a third party institution (Rental or Seller Party- Woolworths/ Transnet) manage the development.
- Suggestion 2: Having options to purchase where the buyer chooses which option best suits them
- Suggestion 3: Paying rent which contributes to owning it scheme - owned by an agency until you can buy it from them (over period of time)
- Suggestion 4: Title Deed Restriction v.s. Corporate Restriction
 - Corporation can only sell/rent to staff in the under 15,000 ZAR Range
 - 15 year clause vs. putting fee on it in period
- Suggestion 5: Buying on Condition: Buying to sell price (market related) vs buying to own price (under market)

Action points:

1. Action Point 1: Investigate potential for Third party institution (with risk capacity) to oversee buying and management of 20% units.
 2. Action Point 2: Demand Elasticity- investigate how much can you charge for 80% to subsidise the 20% even further?
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The Urban Working Group 3

Workshop 3: Professional Planners & Architects/ Senior Consultants & Academics

Date: 24/05/2017

Time: 12:00 - 14:00

Venue: 1st Floor Boardroom, 32 St. Georges Mall

Notes: Prepared by Lucia Schlemmer & Henry Fieglar

Number of Attendees: 10

Key Insights :

- Key Insight 1: Alternative Management Bodies (social enterprise, cooperative, trust)
- Key Insight 2: Land Use Approvals (how can developers be trusted?)
- Key Insight 3: Institution to buy more affordable Units (those with Capital and Risk capacity)
- Key Insight 4: Concerns that 15 - 17 affordable houses is too much for one institution to manage, especially with the added complication of the required engagement with the body corp.
- Key Insight 5: Addition of 20% is dragging the development's viability down - If this model is to work the City should set up a policy to facilitate additional bulk on certain sites, but then you have to find ways to incentivise the private sector as well (concerns over the 'trustworthiness' of the private sector)
- Key Insight 6: The City needs to adopt new tools to facilitate more affordable housing and needs to become more active in this regard (not apathetic)

Suggestions to consider :

- Suggestion 1: Non-Profit company to manage allocation of units
- Suggestion 2: Private Cooperative for post-sale management of units (social enterprise model)
- Suggestion 3: Pension Funds as Buyer and then Manager of whole development
- Suggestion 4: Reserving the affordable units for key workers (service delivery) - incomes are managed by the state
- Suggestion 5: Appealing to the city to fast-track projects of this nature (in addition to allowing bulk departures)
- Suggestion 6: (relates to key insight 5) Find alternative ways (policies/ legislation/ other means) of restricting deeds and ensuring the efficient operation of the building to ensure accountability of private sector

Action points:

1. Action Point 1: Do more research on cooperative and social enterprise models for apartment stock management.
 2. Action Point 2: Look more closely at relationship between government and developer in contract negotiations for Land Use Approvals. (how to foster trust)
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The Urban Working Group 4

Workshop 4: Mixed Group, Young Urbanist and Senior Professional

Date: 31/05/2017

Time: 14:30 - 16:00

Venue: 1st Floor Boardroom, 32 St. Georges Mall

Notes: Prepared by Lucia Schlemmer & Henry Fieglar

Number of Attendees: 2

Key Insights:

- Key Insight 1: Application Process
 - Risk in social engineering as a private developer
 - OOBA bonders and Mazar's, are they considered trustworthy overseers by public?
- Key Insight 2: Government must come to the table and be more participatory
- Key Insight 3: Is the online application process fair?
 - Does it allow fair access to all members of society?
 - Risk: backlash from the Bo Kaap community that it is not fair
- Key Insight 4: Can financial markets respond to the new model proposed by FORTYONL - what kind of value can be unlocked if developers adopt a 'long-term' approach to developments? (by not providing full ownership you can retain a lot of value over time)
- Key Insight 5: concern that the views might be impacted by developments that might be built around the site (especially from the 20% flats)
- Key Insight 6: Have you tested the architecture against the regulatory environment? E.g. Heritage department, how do they feel about the design and does the design fit in with their requirements?

Suggestions to consider :

- Suggestion 1: Need for Independent Third Party Application Overseer
 - This overseer should ensure methodology of application and allocation is ethically defensible if somebody complains.
- Suggestion 2: Try to separate the responsibility of managing the application process to a third party

Action points :

1. Action Point 1: Look into Human Sciences Research Council (idea was that they could chair allocation process for 20%) and their history with this process.
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The Urban Working Group 5

Workshop 5: Mixed Group, Senior Professionals / Government / Business / Students

Date: 6/06/2017

Time: 12:00 - 14:00

Venue: 24th Floor Boardroom, Offices of WCEDP (9 Riebeek Street)

Notes: Prepared by HKA

Key Insights :

- Key Insight 1: Body Corporate Rule for 80% on Operations Side
 - Operations side: 80% tend to do their own thing
 - 80% abusing rules, need rules for those 80% (selling, flipping, etc.)
 - Formalize them in contractual matters
- Key Insight 2: Need for liaising + communication between developers in Bo-Kaap
 - how are you going to engage with developers going forward, you haven't taken this to the media yet in a big way? Have you done that purposely? That's what has garnered a lot of publicity with other developers in the Bo Kaap.
- Key Insight 3: Communicating Blok's intentions
 - Carola Koblitz: why are you doing this? Why I think Blok may have done this: Bo Kaap has enormous potential for development, this was vacant site and you have great sensitivities in development in Bo Kaap.
- Key Insight 4: Government legislation will come from outside if Blok don't take initiative and dictate reaction . (Rahla: Purchase price, if city gives land, developers can do 80:20 other way around).
- Key Insight 5: Stretch envelope, why not request more additional bulk? With additional bulk even more integration is possible.

Suggestions to consider :

- Suggestion 1: Formalise rules for 80% on operations side and selling side.
- Suggestion 2: Open up channel to discuss with other developers in area.
- Suggestion 3: Need to communicate thinking process behind Blok's decision to get involved in Bo-Kaap and 80:20 housing, divorce it from developing narrative in area (i.e. monster development).
- Suggestion 4: Investigate the possibility and feasibility of a development with clients from more than two income brackets. More diversity of groups.

Action points:

- Action Point 1: Look at documents denoting rights and responsibilities of 80% and ensure that these are properly delineating the expectations and rules guiding the operation of the 80 % side of the project.
 - Action point 2: Look at bodies which exist for developer engagement/ association. Explore how to uphold or create a space for developers to engage.
 - Action Point 3: Develop narrative/ communication strategy for Blok's 'blue sky' ambitions through the media (people are still cynical about intentions).
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The Urban Working Group 6

Workshop 6: Senior Professionals / Business / Students (mixed-group)

Date : 23/06/2017

Time : 12:30 - 13:30

Venue : 1st Floor, 32 St Georges Mall, City Centre 8000

Notes : Prepared by LS

Key Insights:

- Key Insight 1: Reservation over not having more restrictions and a longer term of sale restriction (i.e. 20 + rather than 8-10 years) & risk of them falling to the market while creating substantial wealth for a small number of individuals
- Key Insight 2: The city's discussions should be focusing on developing a successful model, starting small & which is not state dependent. There need to be incentives created for developers to create such models & improve feasibility (fast tracking, rates holidays, linking to VAT)
- Key Insight 3: What roles are being played by other actors in the industry? Banks need to change their policies so that developments of this nature (and access to these developments) become more viable.

Suggestions to consider:

- Suggestion 1: Creation of a (social housing initiative) SHI to manage the rental of the compact apartments
- Suggestion 2: Creation of a Developer's Trust / Initiative within the City to fast-track developments of this nature
- Suggestion 3: Need to create linkages between the various actors and expose the bigger picture (i.e. the role of banks)
- Suggestion 4: Can the compact apartments not grow at a relative rate so that the affordability aspect of the units is retained?

Action points:

- Action Point 1: Hold a discussion with Old Mutual re: financing of the 20% compact units
 - Action Point 2: Contact
 - Get John Matthew's contact (Garden Cities) from Catherine Stone - re: discussion over restricting titles deeds
 - Garden Cities: John Matthews
 - Heather of SOCO
 - City of Cape Town : Alicia.Visagie@capetown.gov.za and Qudsiyah.Samaai@capetown.gov.za
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The Urban Working Group 7

Workshop 7: Media

Date : 06/09/2017

Time : 14:30 - 16:30

Venue : 1st Floor, 32 St Georges Mall, City Centre 8000

Notes : Prepared by HKA

Suggestions to consider :

- Suggestion 1: There is a strong pedagogical work to do with medias about the typology of different affordable housing. Long definitions taken out of their contexts have tended to be confusing, it is important to keep on communicating with an easy catalogue of the subsets of affordable housing. Some media members suggested that definitions around affordable housing were quite confusing to them. Long definitions that when spoken about are not understood.
- Suggestion 2: What about young professionals? They might have difficulties to access to property, if they have economically dependants they should be considered.
- Suggestion 3: Can the compact apartments not grow at a relative rate so that the affordability aspect of the units is retained?
- Suggestion 4: How do we decide on how much more additional bulk to ask to the City. A high request of bulk can be strategically risky, especially regarding the nature of this project. FORTY ON L is a pilot and going for higher departure without knowing the actual appetite is an unnecessary risk. Moreover, if the City grants higher departures (up to 100% even) how can the scale of the model be altered

Action points :

- Action Point 1: FCT to investigate how well developments selling at open market value are doing in the downtown core. New building being developed may not be selling, so how urgent is the need for this kind of model. How can we measure the growing demand for this model?
- Action Point 2: FCT to investigate on what basis government currently grants bulk? On what basis do other cities grant air rights? What are the requirements for air rights in other cities? (i.e. % of affordable housing, plaza/public space, etc.)
- Action 3: What will be the action plan (if any) going forward to promote the idea to developers. UWG 7 questioned how incentivized developers would feel, what is the selling point to them at this time?

List of questions:

1. What is a bulk departure?
2. Is 80:20 the inclusionary Housing project?
3. Is this model up to the developer to implement?
4. On what contextual basis does the city limit height and bulk?

5. How many stories is FORTY ON L?
 6. Can any building ask for extra height?
 7. Is the city subsidising or incentivising to build more mixed-used buildings?
 8. Even with the move to an 80:10:10 model what obvious benefit is there for developer to do this model? There needs to be further legislation by the City to incentivize the developer to get these projects off the ground and make them happen.
 8. Is there an age restriction to apply to your project?
 9. Would young professionals be adequate? Young professionals are most distressed housing group. How can they qualify for housing (in FORTY ON L case if they don't have spouse) to meet household income quota.
 10. Is the project actually going to happen?
 11. Are you the first ones to try this kind of project in Cape Town?
 12. If your inclusionary housing project was to be rejected, would you build your non-affordable ones anyway?
 13. What is the maximum number of people per flat?
 14. Why is density near the city important? Couldn't areas like Bellville and other areas where labour opportunities be developed instead?
 15. Why do people need to live close to the city center? Do people necessarily want to live there if there jobs are elsewhere?
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The Urban Working Group 8

Workshop 8: Media

Date : 13/09/2017

Time : 14:30 - 16:00

Venue : 1st Floor, 32 St Georges Mall, City Centre 8000

Notes : Prepared by DB

Suggestions to consider :

- Suggestion 1: There is a strong pedagogical work to do with the media about the typology of different affordable housing. Still some confusion about rather if FORTYonL is social housing or not.
- Suggestion 2: It seemed not clear to the journalist if FORTYonL was built on the 8020 model or not. The presentation should maybe emphasize the fact that FORTYonL took into account feedbacks and the necessity to make inclusive housing attractive for developers and this is what lead to the 1 for 1 model?
- Suggestion 3: What will happen to the units after 20 years? If it remains affordable thanks to a public agency or so, the criterion of selection for application will be kept or changed?

Action points :

- Action Point 1: Investigate on existing agencies for the management of the affordability of the units over time (after the 20 years when entering open market, but also making sure the amenities and cost of living in the unit remains affordable after buying). Think about some big companies that could buy and make it remain affordable. What is the future of this project after the 20 years?
- Action Point 2: What will be the criterias for applicants to buy units of similar projects in different areas? What parameters according to what areas?

List of questions:

1. The building are going to be built by BLOK?
2. Is this the price for an average house with one bedroom? 2.33 R/per year in CBD?
3. You applied to for the bulk departure, and they agreed?
4. I'd be interested on what the city has to say about this project, because they always complain about developpers...
5. Are you paying for the additional departure or are you getting it for free?
6. So, it will jump out to open market after 20 years?
7. If everything goes well, when will you start building?
8. Is there any provisional words from the city for the departure?
9. If they say no, everything of the project drops? Or will you just change the design of the project?
10. Did you get the open market part of the project approved?
11. Oh.. I thought you were developing a 80:20 model! ?
12. Do you have a social worker who assists you with the social related part of the project?

