



MANGAUNG
METRO MUNICIPALITY
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LEKGOTLA LA MOTSE

DIRECTORATE ECONOMIC
& RURAL DEVELOPMENT

Our Ref: ADN-NT_Scoping and Panel Review Reports/T Maine

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**SPEAKER
(COUNCIL ITEM)**

**Airport Development Node Catalytic Land Development Programme
Independent Panel Review - NT Cities Support Programme**

1. Purpose of the Report

The intention of the report is to appraise EMT, Section 80, Mayco and ultimately Council on the progress made regarding Airport Development Node Catalytic Land Development Programme.

2. Background

The Airport Development Node (ADN) was identified and approved by the Mangaung Metropolitan Municipality as a Catalytic Land Development Programme (CLDP) located in a space with a high potential for catalysing a process of spatial transformation, based on the Urban Network Strategy and associated Integration Zone 2 (IZ2), as well as it is identified in the Built Environment Performance Plans (BEPPs) of the Mangaung Metro. A key part of implementing BEPP is the planning and implementation of Catalytic Land Development Programme of which ADN is forms part.

The node site is located adjacent to the N8 national route network which links Bloemfontein and Botshabelo and then on to Maseru, Lesotho. The two phases of the site are apportioned on land north and south of the N8. Phase 1 (the focus of the Review), consists of 700 hectares and is south of the N8. The CBD of Bloemfontein is approximately 10 kilometres to the west of the site. The proposed development of the Phase 1 site is a mixed-use development precinct, focused on both office/ commercial precincts and residential opportunities. The development also proposes to incorporate flagship developments such as an International Convention Centre and a Tertiary Education institution. The urban design approach is modern, targeting a high-income market with a CBD-type of design and modern apartment living focused on the affordable housing market.

3. Discussions

The preparation of such integrated mixed-use catalytic land development programmes that support spatial transformation objectives is an inherently complex, multi-sector exercise. It is a process that requires both a strong vision and clear set of development objectives. It also necessitates specialist sector skills in housing, infrastructure, transport, planning, land use management, programme and project management and development control. Finally, it requires the integration of public and infrastructure finance, public private partnerships as well as other areas. All of which must also take cognisance of (and willingness to partner with) beneficiary communities, private sector and property developers.

To this effect, the Economic and Rural Development Department requested the support from National Treasury under the City Support Programme with the aim of deepening the understanding of the history of the ADN CLDP, understanding various sub-projects contained within overall CLDP, collecting key CLDP information and current status of ADN as a Catalytic Land Development Programme and also obtaining key issues and blockages the ADN CLDP has faced in its further development. The Scoping Report (Annexure "A") which was developed and involved officials in the Office of the City Manager, Finance Unit, Development and Spatial Planning, Economic and Rural Development, Human Settlements and Engineering Services, recommended that there are intrinsic risks if the Mangaung Metropolitan Municipality would be continuing the current course of actions in the implementation of the ADN CLDP. These risks include:

- A development approach premised on objectives and designs dating back to 2012 and earlier;
- A set of prescriptive and delineated land-uses and a top structure schedule that does not match market demand, meet investor needs, or is optimal in current fiscal conditions.

Consequently, the Scoping Report highlighted that a delayed course of action on the township proclamation would afford the Mangaung Metropolitan Municipality the opportunity to address the above risks and better position the ADN for both infrastructure funding applications and private sector attractiveness. In other words, the Municipality would be in a position to ensure that any land-release and land use strategy is best positioned for market effectiveness and for the overall development of Mangaung Metropolitan Municipality.

Additionally, the scoping exercise has identified many areas along the Catalytic Land Development Lifecycle that require clarity around:

- The relationship between spatial planning for the Mangaung metropolitan area and concept development of the ADN;
- How the specific ADN catalytic land development programme can be prepared for implementation;
- How the individual projects within the CLDP will be planned, designed and procured.

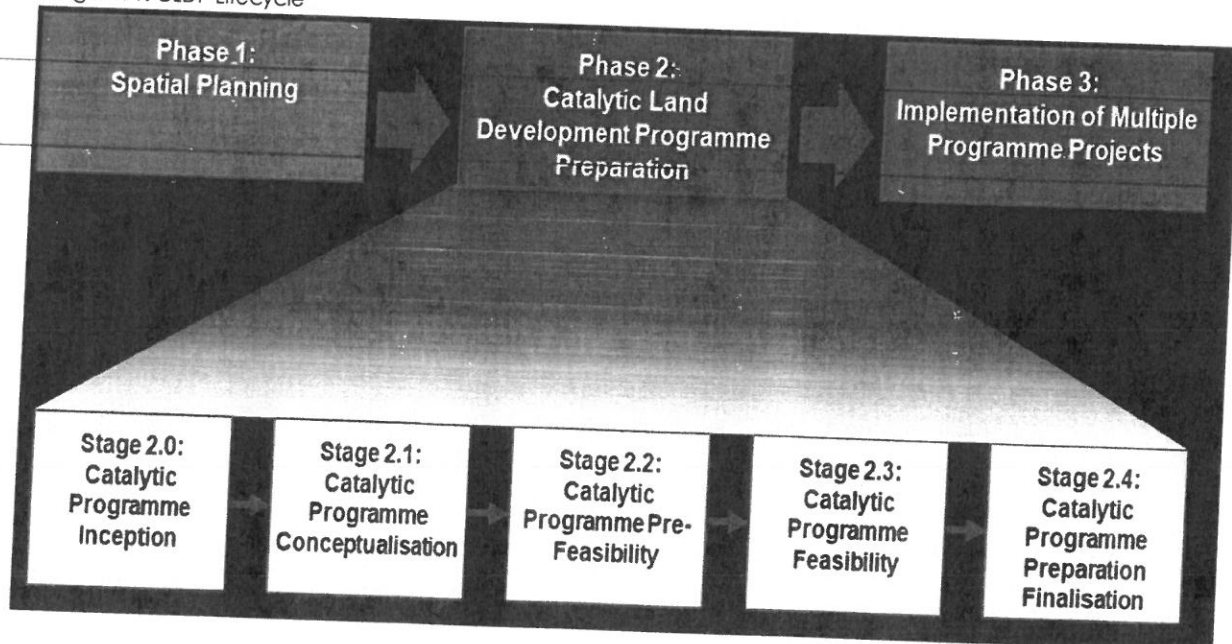
In consideration of all above issues the most impactful approach was to arrange for a National Treasury Panel Review Team (Panel of Professionals) to undertake a more in-depth and independent review (Annexure "B") and to determine and assess the current spatial development objectives, economic rationale, and institutional approach to ADN. The panel review examined the issues and observations highlighted in the scoping exercise of ADN. From this deepened examination and based on the evidence gathered, the Panel Review Team highlighted key findings and recommended a set of actions upon which the ADN catalytic programme preparation can proceed.

Briefly, the catalytic land development programmes (CLDPs) are characteristically spatially integrated interventions which:

- Have significant impact on spatial form and unlock economic activity;
- Comprise mixed and intensified land uses with the residential land uses accommodating a range of income bands at increased densities;
- Support the viability of public transport systems;
- Involve major infrastructure investment;
- Require a blend of finance where a mix of public funds is able to leverage private sector investment as well as unlock household investment;
- Require specific skills across a number of professions and have multiple stakeholders.

The CLDP preparation for Airport Development Node should therefore take a closer look at phases and stages within the CLDP lifecycle to better calibrate the development and enhance its probability of success. The diagram below illustrates in detail the various phases and stages within which the CLDP must take place.

Diagram 1: CLDP Lifecycle



4. Panel Review Key Findings

From what evidence gathered, the panel has concluded that pursuing ADN along the current development trajectory is un-likely to realize the vision while simultaneously presenting significant risks to the metropolitan municipality. Therefore, the ADN in its current form is not a catalytic programme and if implemented may result in economic and financial risk for the metropolitan municipality.

4.1 Critical issues

- The Panel suggested that ADN in its current form is not a catalytic programme and if implemented may result in economic and financial risk for the metropolitan municipality;
- There is concern that the development will result in the CBD being severely compromised which will lead to further levels of decentralisation and urban fragmentation;
- The development approach being pursued is also likely to expose the municipality to vast expenses that will not result in integration of the urban form or of addressing the needs for employment or housing of the most marginalised;
- Unfounded market assessment and economic analysis with overly prescriptive zoning.

4.2 CLDP concept development

- Concept development not robust;
- The Panel noted that there has been significant investment in the ADN both in respect of the spatial and detailed layout planning that has been undertaken and the investment in bulk infrastructure;
- However key considerations, particularly market and economic factors, were not considered, which means that if it proceeds in terms of the current approach, it could result in poor take up and ultimately unnecessary holding costs for the municipality, as well as negative impacts on the metro spatially.

4.3 Alignment to CLDP lifecycle:

- The Panel noted that key steps in Phase 2 Programme Preparation were by-passed resulting in:
 - The ADN is being undertaken in a very constrained market where the demand for the land uses being provided is likely to be limited in the short to medium term;
 - The ADN has not been planned within a sub-regional context and is not well coordinated and linked with surrounding land uses.

5. Panel Review Recommendations

The Panel Review Team recommended that the Mangaung Metropolitan Municipality reviews CLDP preparation for ADN, taking a closer look at phases and stages within the CLDP life cycle to

better calibrate the development and enhance its probability of success. The Panel Review Team also suggested that the township proclamation process should be suspended until such time the 'missing' components are addressed.

With respect to ADN, the following actions were recommended by the Panel Review Team:

Step 1: Initiate a process to simultaneously undertake a review of Phase 1 Spatial Planning Phase and Stage 2.1 Programme Conceptualisation of the Programme Preparation Phase. These components of work would enable greater coherence of ADN objectives within the broader Integration Zone 2 and alignment with other key land-development activities taking place concurrently within Integration Zone 2 (IZ2). In undertaking this work it is recommended that the ADN should be considered as part of the broader IZ2 regional plan, which should be more detailed to determine infill development potential and linkages with the western portions of the city through the M10. Consideration should be given to expanding the ADN to incorporate Raceway Park, Estoire and the Transwerk Industrial area.

Thus, providing clear objectives and rationale for the ADN within the spatial context of the metro. Arising from this work a high-level business case should be developed that sets out:

- How the IZ2 will be developed and managed.
- How the ADN links into the IZ2 and forms part of a development trajectory.
- What the anticipated development phasing of the IZ2 is likely to be, and how the ADP will fit into this.
- What role the can municipality play in the IZ2 and in the CLDP's that relate this this (including the ADN). This could include passive land holding, selling the land, a phased release (Demand Led Development), appointment of a developer and participation in the development or acting as the developer.

Step 2: ADN specific Pre-feasibility: Once Step 1 is completed and approved by the Council, a pre-feasibility should be undertaken to review the economic and market opportunities. A component of the Pre-feasibility will be to analyse options for both institutional approach and top-structure development as follows:

- Institutional systems need to be considered in relation to project preparation, accessing financing, managing land release, managing property development, ongoing operating and management of the area, the release of portions over time and value realization.
- An initial and general financial modelling exercise should be undertaken to test viability and determine the best approach to maximise benefits for the metro.
- An impact analysis should be undertaken to evaluate cost vs returns (social, economic and financial). The best use options should be evaluated to maximise the sustainability of the development.

Step 3: After these stages are completed: Based on the output of Steps 1 and 2, the municipality can consider the programme in terms of its overall priorities and opportunities.

In taking the above key findings forward, it critical to assert that the city has made significant investment in the Airport Development Node both in respect of the investment in bulk infrastructure and the spatial and detailed layout planning that have been undertaken. This investment was funded through the USDG in terms of constructing the reservoir, wastewater treatment, electrical sub-station and the completion of the township establishment.

There are, however, National Catalytic Steering Committee engagements chaired by the National Department of Human Settlements, wherein the city report progress on the catalytic projects that are currently being developed on the one side. On the provincial level, there is Provincial Catalytic Steering Committee meeting chaired by the Provincial HDA and it is constituted by Provincial Human Settlements, MMM (Human Settlements, Engineering Services, Planning and Economic Development) and other municipalities within the Province that have catalytic projects.

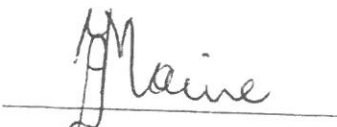
The above two committees meet on a quarterly basis. As part of ensuring catalytic land development programmes are implemented, HDA would offer support without any financial contributions from the municipalities including from the provinces. Due to national fiscus deterioration including a massive reduction in government revenues and an unsustainable growth in public debt as well as devastating impact of Covid-19 pandemic, municipalities and provinces are now required to fund their catalytic land development programmes. In this case, the services the city may require from HDA, will funded by Human Settlements department through USDG whereby SLA will be concluded between the city and Provincial HDA. Therefore, the feasibility study, market analysis and housing needs for the ADN Development Node catalytic land development programme will be included in the SLA with the HDA.

6. Recommendations

It is recommended:

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- 6.1 That the Mangaung Metropolitan Council approves both the National Treasury Scoping and Panel Review Reports;
 - 6.2 That Mangaung Metropolitan Council note that the Airport Development Node in its current form is not a catalytic programme and if implemented may result in economic and financial risk for the Mangaung Metropolitan Municipality;
 - 6.3 That the Mangaung Metropolitan Municipality note that there has been significant investment in the Airport Development Node both in respect of the investment in bulk infrastructure and the spatial and detailed layout planning that have been undertaken;
 - 6.4 That Mangaung Metropolitan Council permit Economic and Rural Development department to continue to work with National Treasury, Free State Provincial Human Settlements and HDA to ultimately realize ADN as catalytic programme that will attract public and private investment;

- 6.5 That the Mangaung Metropolitan Council suspends the township proclamation process until such time the 'missing' components in the Catalytic Land Development Programme Lifecycle (viz. Phase 1: Spatial Planning and Phase 2 Catalytic Programme Preparation Stage 2.1 - Programme Conceptual Planning or Development Concepts Refinement, Stage 2.2 - Programme Pre-feasibility Study, Stage 2.3 - Programme Feasibility Study) are addressed;
- 6.6 That the Mangaung Metropolitan Council approves and implement all other recommendations highlighted in both Scoping and Panel Review Reports;
- 6.7 That the Mangaung Metropolitan Council approves that the implementation of the Panel Review recommendations be supported through the USDG via HDA, namely, the feasibility study, market analysis and housing needs for the ADN Development Node catalytic land development programme.
- 6.8 That the Mangaung Metropolitan Council approves the establishment of an ADN CLDP Steering Committee with clear terms of reference and constituted by the Executive Mayor as the chairperson, MMCs: Economic Development and Planning; Human Settlement; Engineering Services and Finance.
- 6.9 That the Mangaung Metropolitan Council establishes a Technical Working Team (led by HOD: Economic and Rural Development) of dedicated Heads of Departments, Provincial Intervention Team and senior officials from Internal Audit, Risk and Compliance, City Manager, HDA, Deste, Provincial Human Settlement Department and private sector.


Teboho Maine
HOD: Economic and Rural Development

Recommended / ~~Not Recommended~~


Adv. Tankiso Mea
City Manager

Approved / ~~Not Approved~~


Cllr. Lebohang Masoetsa
Deputy Executive Mayor