Redevelopment of the River Club, Observatory, Cape Town

Socioeconomic Specialist Study

Report Prepared for

Liesbeek Leisure Properties Trust

Report Number 478320/SE

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Profile and Expertise of Specialists

SRK Consulting (South Africa) (Pty) Ltd (SRK) has been appointed by the Liesbeek Leisure Properties Trust (LLPT or the proponent) to undertake the Environmental Impact Assessment (EIA) process required in terms of the National Environmental Management Act 107 of 1998 (NEMA). SRK has conducted the Socioeconomic specialist study as part of the EIA process.

SRK Consulting comprises over 1 300 professional staff worldwide, offering expertise in a wide range of environmental and engineering disciplines. SRK's Cape Town environmental department has a distinguished track record of managing large environmental and engineering projects, extending back to 1979. SRK has rigorous quality assurance standards and is ISO 9001 accredited.

As required by NEMA, the qualifications and experience of the key independent Environmental Assessment Practitioners (EAPs) undertaking the EIA are detailed below and Curriculum Vitae provided in Appendix A.

Project Review: Christopher Dalgliesh, BBusSc (Hons); MPhil (EnvSci)
Certified with the Interim Board for Environmental Assessment Practitioners South Africa (CEAPSA)
Chris Dalgliesh is a Partner and Principal Environmental Consultant with over 26 years' experience, primarily in South Africa, Southern Africa, West Africa and South America (Suriname). Chris has directed and managed numerous Environmental and Impact Assessments (EIAs) and associated management plans, in accordance with South African or international standards, and has also been involved in a number of social and socioeconomic specialist studies conducted as part of EIA processes. He regularly provides review of ESIAs and associated specialist studies.

Specialist Consultant: Sue Reuther, BSc Hons (Economics); MPhil (Environmental Management)
Certified with the Interim Board for Environmental Assessment Practitioners South Africa (CEAPSA)
Sue Reuther is a Principal Environmental Consultant with more than 15 years of experience, primarily in South Africa, Southern and West Africa and South America (Suriname). She has managed complex EIAs for a wide range of projects in the infrastructure, mining, coastal and industrial sectors. Sue has also undertaken socioeconomic impact assessments for a range of developments, including mining, infrastructure and alternative energy projects in South Africa, Suriname and the DRC, and has extensive experience with strategic environmental planning. She has two years of previous experience in strategy and financial research.

Statement of SRK Independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no beneficial interest in the outcome of the assessment which is capable of affecting its independence.

Disclaimer

The opinions expressed in this report have been based on the information supplied to SRK by LLPT. SRK has exercised all due care in reviewing the supplied information, but conclusions from the review are reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

Executive Summary

The River Club in Observatory is currently used as a commercial recreational enterprise including golf facilities and conference venue. The LLPT is proposing to redevelop ~21 ha of the River Club property and portions of adjacent properties, including portions of the original course of the Liesbeek River and Liesbeek Canal (collectively referred to as the site) for limited retail, commercial, residential, institutional and associated uses. The development will include ~6 ha of high-quality landscaped public open space, and rehabilitation of watercourses. Two layout alternatives are considered; they have the same floor area but differ regarding the treatment of the Liesbeek River channel and location of Precinct 1 relative to the western boundary of the site. A Socioeconomic Impact Assessment (SIA) of the proposed bypass road is one of the investigations undertaken as part of the BA process for the project.

The River Club will comprise approximately 150 000 m² floor area of mixed-use development, including ~16 000 m^2 retail space, ~80 000 m^2 commercial office space, ~30 000 m^2 residential space (including ~6 000 m^2 inclusionary housing) and ~24 000 m^2 for hotel, community and institutional uses. The development will include ~6 ha of high-quality landscaped public open space, including rehabilitation of watercourses.

The River Club site is in a strategic location at the intersection of two motorways (M5 and N2) and main arteries (Liesbeek Parkway and Voortrekker Road), less than 5 km from the Cape Town CBD and 15 km from the Cape Town International Airport. The site also forms part of the TRUP, earmarked by local and provincial government for the development of an integrated and inclusionary mixed-use area.

The River Club development delivers significant socioeconomic benefits in the form of investment in the economy, increase in employment and increase in government revenue, as well as provision of publicly accessible open space and commercial cross-subsidisation of public infrastructure and providing critical mass for and catalysing further infrastructure provision and implementation of TRUP. The development will also provide additional (inclusionary) housing and contribute further to a trend of rising property prices.

Negative socioeconomic impacts are primarily associated with the flipside of rising property prices, which can lead to gentrification. Observatory is more exposed but less vulnerable to gentrification due to the River Club development, whereas poorer neighbouring suburbs such as Woodstock, Salt River and Oude Molen are more vulnerable but less exposed to the development.

The project will increase ‘busy-ness’ in the area, create a (vibrant) urban node and accessible higher-quality safe open space system. The net impact of the above elements on quality of life in the area, and whether this is perceived as positive or negative, will depend on personal values and preferences and likely differ for residents in the area.

Socioeconomic impacts are not materially different for the two layout alternatives.

The CoCT has advised that electricity transmission infrastructure must be expanded for the River Club development. Such expansions are characteristic of development in urban areas, and costs are typically recouped through service charges over time.

The No-Go alternative implies that the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially viable. Certain trends identified in the study, such as densification and an increase mixed-use development and property prices will continue without the River Club development, albeit at a slower pace.

The River Club development is a large development and, cumulatively, expected to intensify and accelerate existing development trends in the area, especially if it acts as a catalyst for the development of remaining TRUP areas.

On balance, the socioeconomic benefits of the River Club development to the local and wider Cape Town community are predicted to significantly outweigh negative socioeconomic impacts.

Table of Contents

List of Tables

List of Figures

Appendices

List of Abbreviations

BA	Basic Assessment
CBD	Central Business District
DEA&DP	(Western Cape) Department of Environmental Affairs and Development Planning
EIA	Environmental Impact Assessment
GDP	Gross Domestic Product
GDPR	Regional Gross Domestic Product
HIV	Human Immunodeficiency Virus
IDP	Integrated Development Plan
LLPT	Liesbeek Leisure Properties Trust
NEMA	National Environmental Management Act 107 of 1998, as amended
NMT	Non-motorised transport
PERO	Provincial Economic Review and Outlook
PRASA	Passenger Rail Agency of South Africa
S&EIR	Scoping and Environmental Impact Reporting
SAAO	South African Astronomical Observatory
SDF	Spatial Development Framework
SES	Socioeconomic Status Index
SIA	Socioeconomic Impact Assessment
SRK	SRK Consulting (South Africa) (Pty) Ltd
StatsSA	Statistics South Africa
ToR	Terms of Reference
TRUP	Two Rivers Urban Park
UCT	University of Cape Town
UDZ	Urban Development Zone
WCG	Western Cape Government

1 Introduction

1.1 Background

The Liesbeek Leisure Properties Trust (LLPT) operates the River Club in Observatory, Cape Town (see Figure 1-1). The site is currently operated as a commercial facility, mainly for recreational (golfing) activities and conferencing. The LLPT is proposing to redevelop ~21 ha of the River Club property and portions of adjacent properties, including portions of the original course of the Liesbeek River and Liesbeek Canal (collectively referred to as the site[1]) for limited retail, commercial, residential, institutional and associated uses (the project).

The National Environmental Management Act 107 of 1998, as amended (NEMA), and the Environmental Impact Assessment (EIA) Regulations, 2014 (promulgated in terms of NEMA) warrant that listed activities require Environmental Authorisation (EA) from the competent authority, in this case the Western Cape Department of Environmental Affairs and Development Planning (DEA&DP). A Basic Assessment (BA) process is required to support an application for EA. SRK Consulting (South Africa) (Pty) Ltd (SRK) has been appointed by LLPT to undertake the BA process required in terms of the NEMA and the EIA Regulations, 2014.

A Socioeconomic Impact Assessment (SIA) of the proposed project is one of the investigations undertaken for the BA process. An SIA includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programmes, plans, projects) and any social change processes invoked by those interventions (Vanclay, 2003).

1.2 Terms of Reference

The primary aims of the study are to describe the socioeconomic baseline, assess the socioeconomic impacts of the project and identify effective and practicable mitigation measures. More specifically, the Terms of Reference for the study are as follows:

- Define the study area (the area potentially affected socially and / or economically by the proposed redevelopment of the River Club);
- Describe the economic characteristics of the study area and place these in context, based on existing public data;
- Identify the potential social and economic impacts (incl. benefits) associated with the proposed redevelopment of the River Club;
- Assess the significance social and economic impacts of the project, including:
    - Creation of employment and income;
    - Potential impact on the local economy of the capital investment and ongoing government revenue from the project; and
    - Potential impact on surrounding areas; and
- Recommend appropriate mitigation measures to minimise / reduce negative impacts and enhance benefits.

[1] The site comprises portions of thirteen properties. LLPT proposes to rezone Erf 151832 (the property that LLPT owns) from Open Space Zoning 3 to Sub-Divisional Area Zoning, subdivide and develop the site in six main phases.

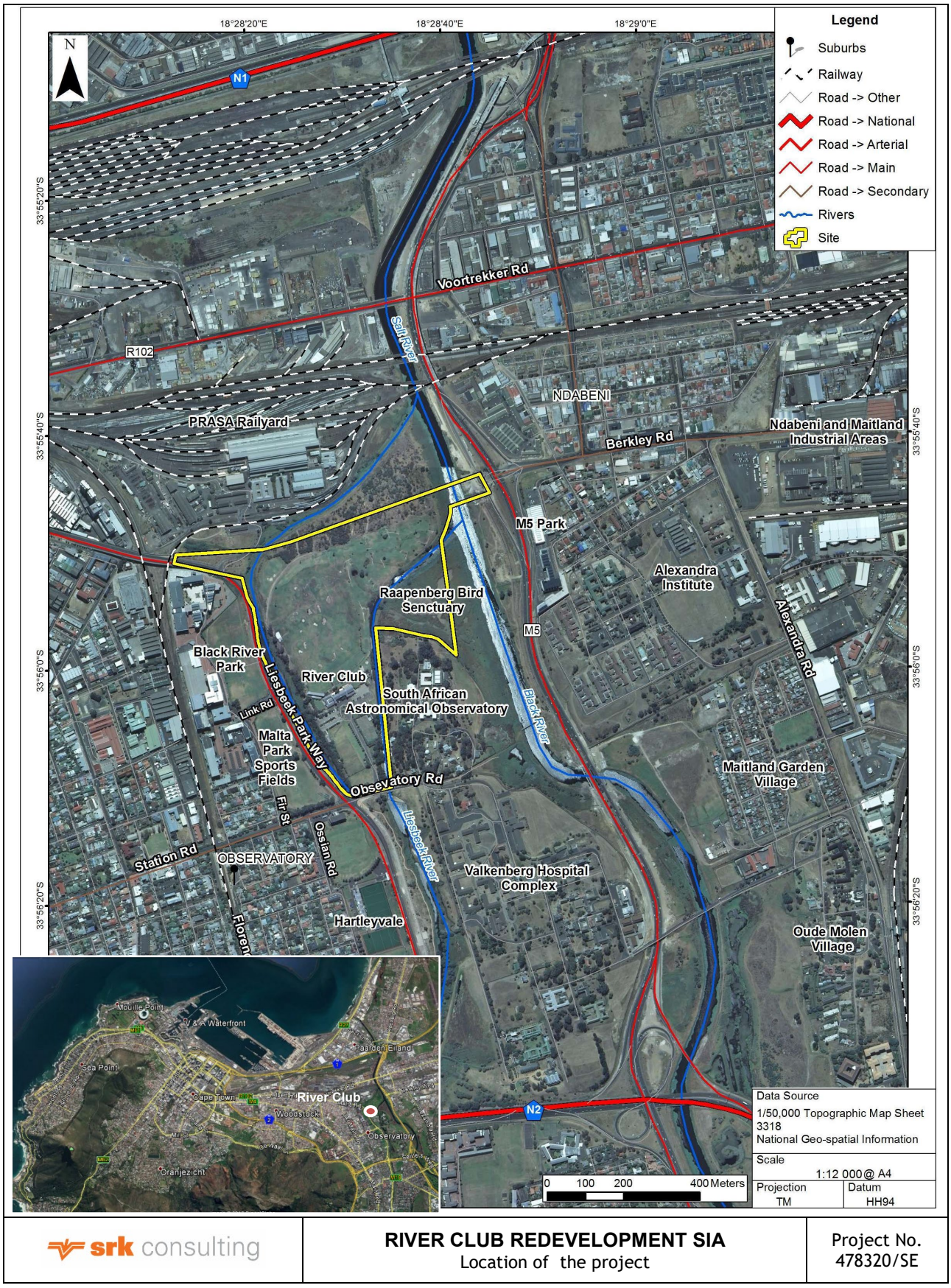


Figure 1-1: Location of the project

2 Approach

2.1 DEA&DP Guidelines

This study considers both social and economic impacts of the project. As such, guidelines pertaining to both aspects of the study are summarised below.

2.1.1 Social Impact Assessment

The DEA&DP Guideline for Social Impact Assessment (Barbour, 2007) recommends the following approach to SIA:

- Describe and obtain an understanding of the proposed intervention (type, scale, location), the communities likely to be affected and determine the need and scope of the SIA;
- Collect baseline data on the current social environment and historical social trends;
- Identify and collect data on the social impact assessment variables and social change processes related to the proposed intervention;
- Assess and document the significance of social impacts associated with the proposed intervention; and
- Identify alternatives and mitigation measures.

The Guideline elaborates that a social study should seek to, amongst others:

- Assess the proposed development in terms of its fit with the relevant legislative, policy and planning requirements;
- Identify and assess the factors that contribute to the overall quality of life (social wellbeing) of people not just their standard of living;
- Identify and assess the needs of vulnerable, at risk, groups and/or ethnic minorities or indigenous peoples;
- Clearly identify which individuals, groups, organisations and communities stand to benefit from the proposed intervention and those that stand to be negatively affected. In so doing the assessment must identify and emphasize vulnerable and underrepresented groups;
- Recognise that social, economic and biophysical systems and impacts are inextricably interconnected, and identify and understand the impact pathways created when changes in one domain trigger impacts across other domains;
- Acknowledge and incorporate local knowledge and experience into the assessment process; and
- Identify and assess developmental opportunities and not merely the mitigation of negative or unintended outcomes.

The Guideline further identifies areas where social specialist input is particularly warranted, namely areas:

- Where vulnerable communities are present;
- With high poverty and unemployment levels;
- Where access to services, mobility and community networks are affected;
- Where local livelihoods depend on access to and use of environmental resources and services;
- Of important tourism or recreation value; and

- Where the existing character and “sense of place” will be altered.

Many of these characteristics are not applicable to the area directly affected by the project, as poverty and unemployment levels are generally low in the project area, and the project is not expected to negatively affect access to services and community networks. However, others do pertain, e.g. sense of place and recreation value, and the assessment includes consideration of these aspects.

2.1.2 Economic Impact Assessment

The DEA&DP Guideline for Involving Economists in EIA Processes (van Zyl *et al*, 2005) provides indicators that could suggest the need for economic specialist input in projects that fulfil specific criteria with regards to the nature of the:

- Receiving environment:
  - Areas containing vulnerable communities;
  - Areas where local livelihoods depend on environmental resources;
  - Areas where ecosystems provide valuable services;
  - Protected areas or areas with intact wilderness qualities, or pristine ecosystems; and
  - Areas of important tourism or recreation value; and
- Project:
  - Large, high intensity type projects (e.g. large infrastructure);
  - Projects conceived because of their perceived strategic economic benefits (e.g. new roads, industrial development areas, etc.);
  - Projects requiring a large workforce relative to the size of the existing workforce in the area;
  - Projects that are likely to change spending patterns in an area (e.g. a toll road in a rural area);
  - A change in land use from the prevailing use; and
  - A land use that is in conflict with an adopted plan or vision for the area.

Where required, the following key negative and positive issues may need to be addressed by the specialist:

- Financial viability or justification for the project in the case of public sector projects that do not require financial viability (e.g. roads, housing projects and other public infrastructure);
- Distortions that lead to financial viability, but are not to the benefit of wider society creating a false ‘viability’ when seen from a broader, economic, perspective;
- Environmental externalities that are not accounted for in economic costs and benefits;
- Degree of fit with economic development planning in the area (i.e. does the project complement economic and spatial plans);
- Linkage effects that allow a project to generate added benefits in the form or employment, incomes, and increased production; and
- Macro-economic risks (i.e. whether the project has the potential to change exchange rates, interest rates or local factor and product prices, for large projects).

Social and economic impacts are closely related, which reflects in the similarity of criteria for projects requiring economic and social assessment (see Section 2.1.1). Many of the criteria signalling a sensitive receiving (socio-economic) environment or project do not apply to the proposed River Club

development, as the project is located within a relatively affluent urban environment. The proposed project is in keeping with City of Cape Town (CoCT) general urban development policies for the broader Cape Town Metropole and is largely congruent with prevailing *surrounding* land use. It does, however, require a change in land use on the project *site* and does not fully align with current planning frameworks for the area.

The project is a private development on privately owned land. LLPT has a track record of property development, analysed the market, is confident that the project is commercially viable (as reflected in the proposed mix of uses), and will phase in the development. This aspect is not investigated further.

The study thus focuses on socio-economic impacts related to project investment and employment and discusses the likely implications of the project for surrounding communities.

2.2 Methodology

The following methodology was used to generate the baseline and impact assessment for the socioeconomic specialist study.

2.2.1 Data Gathering

Literature, internet resources and previous studies relating to the socioeconomic environment of the study area were reviewed to compile a baseline for the affected areas, including the potentially affected community as well as the local (ward) and, where relevant, regional (metropolitan) context. Sources included:

- Statistical data from Census 2011 and 2001 and the 2007 community survey;
- Provincial statistics;
- Relevant planning and policy frameworks for the area, such as Spatial Development Frameworks (SDF) and Integrated Development Plans (IDP);
- Maps and aerial photographs of the area;
- Economic publications, such as the Provincial Economic Review and Outlook (PERO) for the Western Cape; and
- Other published information on specific aspects relevant to this SIA.

Stakeholder submissions during prior phases of the EIA process also informed the study.

2.2.2 Data Analysis

The information was analysed to ascertain the socioeconomic conditions and characteristics of the study area. Analysis involved the integration and comparison of data:

- From different sources for the same area, to derive a holistic picture of socioeconomic conditions in any one area; and
- Across different timeframes to identify key trends.

The socioeconomic baseline environment is described in Chapter 4.

2.2.3 Impact Assessment

Potential socioeconomic impacts of the proposed project were identified based on the baseline data, project description, review of other studies for similar projects and professional experience.

The significance of the socioeconomic impacts was assessed using the prescribed SRK impact rating methodology described in Appendix A. It includes the rating of impact significance determined by

scale, duration, intensity and probability of an impact. This rating is then qualified with a confidence rating. The alternatives were comparatively assessed and the preferred alternative indicated.

Mitigation measures for the reduction of the significance of negative impacts (and enhancement of benefits) were identified and the impact significance re-rated assuming the effective implementation of mitigation measures.

In this context it must be noted, specifically with regards to social impacts, that:

- Social impacts are not easily quantified and often need to be inferred rather than measured. A combination of insight into social processes in general and knowledge of the community under study is important to draw valid inferences;
- Social impacts are often multifaceted and inter-connected and therefore not easily disaggregated into separate impacts;
- Communities are dynamic and in a continual process of change. The announcement of the proposed redevelopment of the River Club project is one factor contributing to such change, but it is often difficult to identify when an impact is attributable to the project or to other factors, such as the Two Rivers Urban Park (TRUP - see Section 3.2) proposals (or a combination thereof); and
- Human beings are naturally continuously adapting to changes in their environment, including project impacts. As such, these impacts change in significance for those affected.

2.3 Assumptions and Limitations

As is standard practice, the study is based on a number of assumptions and is subject to certain limitations, which should be borne in mind when considering information presented in this report. The validity of the findings of the study is not expected to be affected by these assumptions and limitations:

- The assessment is based on technical information supplied to SRK, which is assumed to be accurate. This includes the proposed locations, dimensions and drawings of the project / route alternatives;
- This study does not motivate for or against the project, but rather seeks to give insight into the socioeconomic character of the area and the significance of the anticipated socioeconomic impacts created by the project. In the event that unacceptable social impacts are identified, this is clearly indicated in the report;
- The report is based largely on secondary data gathered during a desktop analysis. Primary field work (other than a site inspection) and socioeconomic surveys were not conducted for this study, as the existing data was deemed sufficient;
- This report depends on the accuracy of secondary data, such as Statistics South Africa Census Data; and
- It is assumed that no significant developments or changes in the socioeconomic characteristics will take place in the area of influence between data collection and submission of the report.

Other assumptions made in the report are explicitly stated in the relevant sections.

3 Project Description

The project description provides a summary of the more comprehensive description in the BA Report and focuses on socioeconomic aspects of the development.

3.1 Project Location

The site is located in the suburb of Observatory in Cape Town (see Figure 4-2). The site is bordered to the west and north-west by the (former) natural channel of the Liesbeek River (the original course of the Liesbeek River) and Liesbeek Parkway (road), with sports fields (Malta Park) and the Black River Park commercial development located beyond. A railway line, light industry and the residential areas of Observatory and Salt River are located further west.

The Liesbeek River Canal and the Black River form the eastern boundary of the site. Raapenberg Bird Sanctuary Nature Reserve on the banks of the Black River is located to the immediate east of the Liesbeek River Canal. The M5 runs parallel to the site east of the Black River. The Maitland and Ndabeni industrial areas, a commercial development (M5 Park), Alexandra Hospital and Maitland Garden Village are located further east of the M5.

The South African Astronomical Observatory (SAAO), a Grade 1A Heritage Site, is situated on a low ridgeline immediately east of the southern portion of the site and the Liesbeek River Canal. The Valkenberg Hospital Complex is situated south-east of the site and south of the Observatory.

The PRASA rail yard is located immediately north of the site, with related industrial activities further north.

The site is very accessible and less than 5 km from the Cape Town Central Business District (CBD), in close proximity to agglomerated places of work in the CBD and Paarden Eiland and within relatively close proximity of the metropolitan south-east. The site also falls within the north-western portion of the TRUP.

The site is currently predominantly used as a commercial recreational enterprise comprising a golf driving range and a “mashie” 9-hole golf course in the north-east of the site, conference and function venue, restaurant and bar. A bird hide is located on the site, which overlooks the new Liesbeek River channel and its confluence with the Black River. The River Club building (the main building), built in 1939, has been converted into a recreational and conference facility. A number of surrounding buildings on the property are rented to businesses for commercial use.

Liesbeek Parkway (south), Albert Road (north-west) and Station Road (west) provide access to the site, and the main vehicular access to the River Club is from the south off Observatory Road. Although the M5 runs almost parallel to the eastern boundary of the site, access from the M5 is not possible.

Black River and vacant PRASA land

Liesbeek Parkway (right), Liesbeek "Lake" and River Club (left).

Malta Sports Fields (foreground) and Black River Park Development

Liesbeek Canal, Raapenberg Wetland (left) and River Club (right)

Black River, M5, and M5 Park

Raapenberg Wetland (foreground) and Observatory Hill (background)

srk consulting	**RIVER CLUB REDEVELOPMENT SIA** Views of the site and surrounding areas	Project No. 478320/SE

Figure 3-1: Views of the site and surrounding areas

3.2 Project Description

The LLPT owns the River Club in Observatory, Cape Town. The LLPT operate the River Club as a commercial facility, mainly for recreational (golfing) activities and conferencing. The LLPT is proposing to redevelop ~21 ha of the River Club property and portions of adjacent properties, (the site) for limited retail, commercial, residential, institutional and associated uses (see Table 3-1).

The LLPT aim to develop the site as a "destination place" within Cape Town and as the western gateway to the TRUP, accommodating a medium to high density, mixed-use agglomeration of uses which supports the vision of 'live, work, play', while retaining certain recreational and ecological aspects. In this way, the proponents hope that River Club can act as a catalyst project to help to implement the greater TRUP.

Table 3-1: Development footprint

Development Component	Footprint	% of development
Retail, commercial, residential, institutional and associated development	~4.5 ha	22%
Hard landscaping (including covered pedestrian space, foot and cycle paths, and service infrastructure)	~4 ha	19%
Roads, bridges and surface parking	~3.2 ha	16%
Soft landscaping / Open space / Rehabilitated watercourses	~9.3 ha	45%
Total	**21 ha**	**100%**

The River Club will comprise approximately 150 000 m² floor area of mixed-use development, including ~16 000 m^2 retail space, ~80 000 m^2 commercial office space, ~30 000 m^2 residential space (including ~6 000 m^2 inclusionary housing) and ~24 000 m^2 for hotel, community and institutional uses.

Development will occur in two precincts:

- Precinct 1, located in the southern portion of the site, provides ~65 000 m² of mixed-use floor space in buildings 4-9 storeys high; and
- Precinct 2, located in the northern portion of the site, provides ~85 000 m² of mixed-use floor space in buildings 10-12 storeys high.

Two layout alternatives are considered in the impact assessment (see Figure 3-2). The alternatives are the same as regards floor area and land use, but differ as follows:

- For layout alternative 1, the old Liesbeek River channel on the western site boundary will be infilled, leaving only a narrow vegetated stormwater swale along its existing course. Precinct 1 will be located closer to the western site boundary; and
- For layout alternative 2, the old Liesbeek River channel on the western site boundary will be retained, and Precinct 1 will be located closer to the eastern site boundary and the Liesbeek canal (and SAAO).

Different types of land uses envisaged for the development are as follows:

- Commercial space comprising offices catering for a range of services, such as financial services, sales and marketing;
- Retail areas focused around a lifestyle / health and sports theme anchored by convenience food retailers. The balance of the retail offering will consist of typical line shops as well restaurants, food and beverage outlets and a gym;
- Residential units consisting of studio, one-bedroom and two-bedroom units with an average floor space of between 47 m^2 and 77 m^2. LPT proposes that 20% of the total floor area (~30 000 m^2) will be assigned for residential use.

  It is anticipated that the target market will be households earning more than R18 000 per month. However, 20% (~6 000 m^2) of residential floor space will be allocated for inclusionary housing. These units will, as far as possible, be integrated into the same block(s) of apartments as other residential units. LLPT will be offering these units below their market rental value. For the purpose

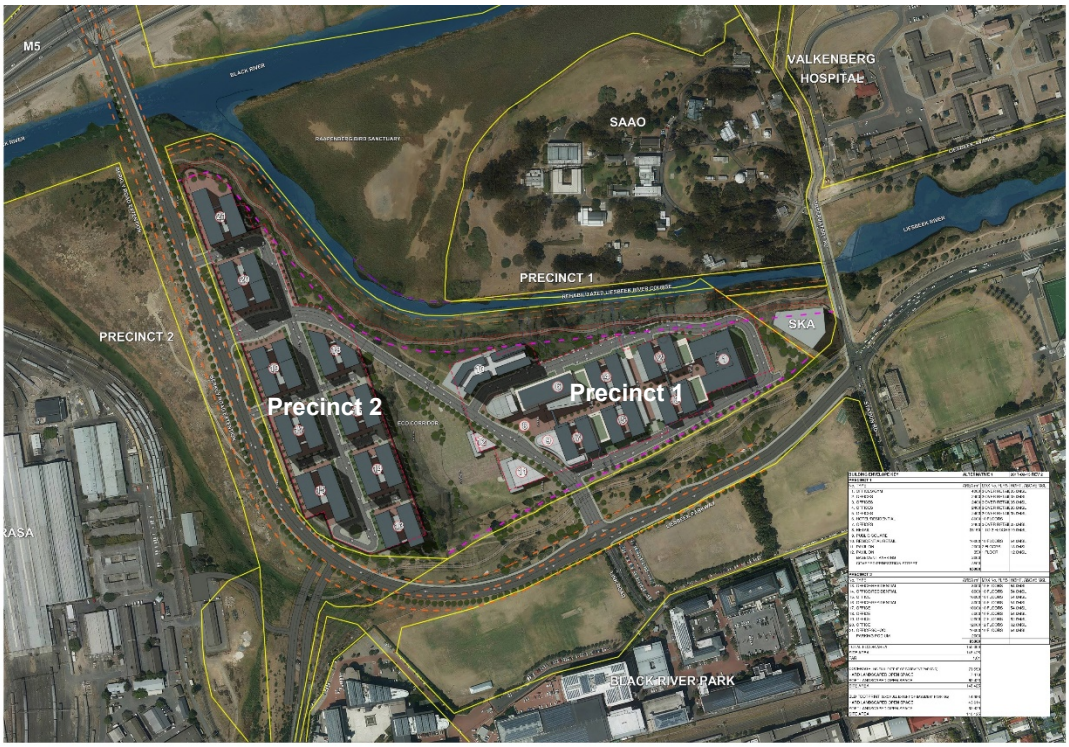
of this study, it is assumed that the development will entail at least 600 units (at an average floor space of 50 m^2), of which at least 120 units will be inclusionary.

A ~100-150 room hotel is being considered. It is anticipated that the hotel may serve both business and leisure travellers.

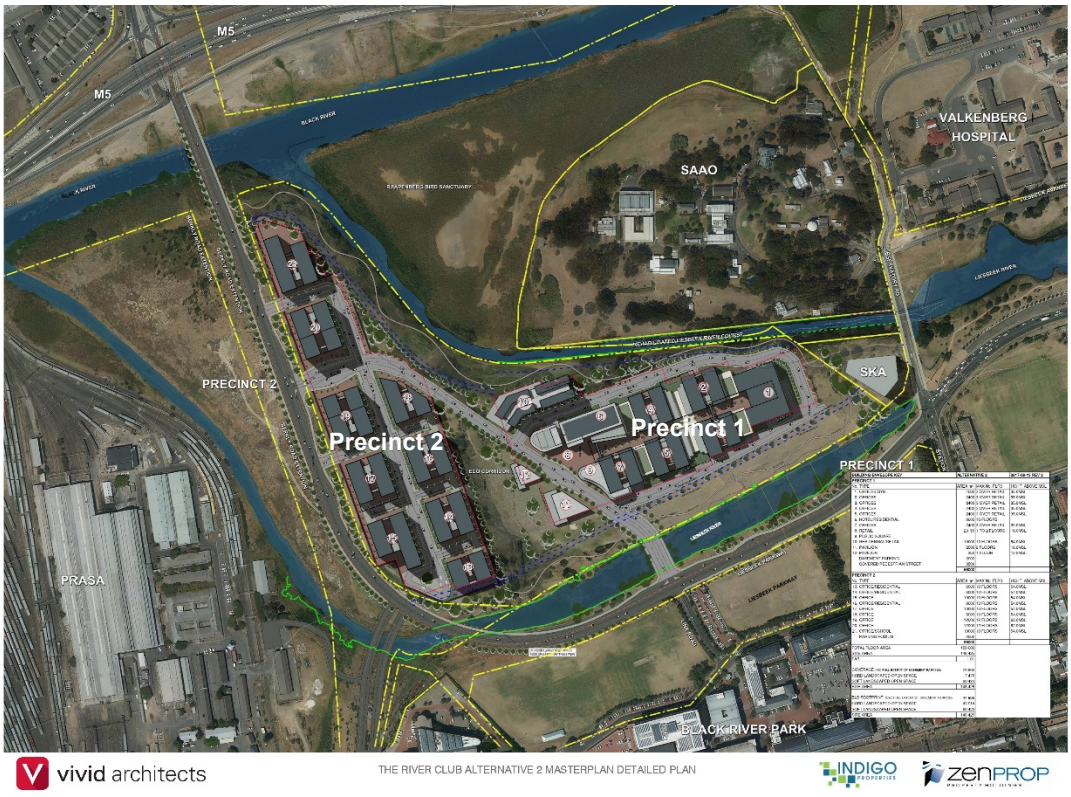
- Associated uses can also be considered, such as community facilities and schools. A cultural, educational, environmental and heritage center is also proposed.

No manufacturing is proposed, i.e. no noxious or industrial facilities will be developed, and there will be no industrial emissions or industrial effluent emanating from the site.

The LLPT intends to retain ownership of the entire development, although portions may be sold off.



River Club Development Alternative 1 – Precinct 1 shifted marginally south towards Black River Park



River Club Development Alternative 2 – Precinct 1 shifted marginally north towards SAAO

srk consulting	**RIVER CLUB REDEVELOPMENT SIA** River Club development alternatives 1 and 2	Project No. 478320/SE

Figure 3-2: River Club development alternatives 1 and 2

4 Socioeconomic Baseline

This chapter provides an overview of the provincial and metropolitan socioeconomic baseline to provide context for the more focused baseline of Subcouncil 15 (in which the River Club is located), which follows thereafter.

4.1 Provincial and Metropolitan Context

The physical characteristics of the Western Cape support a diverse provincial economy. The shoreline provides an important fishing industry. Varying geographic and climatic zones, ranging from winter rainfall areas suitable for intensive farming (such as for citrus and viticulture) to the arid conditions of the Karoo and Namaqualand only suitable for extensive livestock farming, allows for agricultural diversity. These characteristics also contribute to a sizable and developed tourism sector that attracts national and international visitors.

Although the Western Cape is not recognised as an industrial hub, a number of industries make significant contributions to the economy. These include a sophisticated developed agro-processing sector, some heavy industry (metal and chemical) and, to a lesser and declining extent, the clothing and textiles sector. The large service sector is the biggest contributor to the economy of the Western Cape.

Cape Town is one of Africa's most dynamic and developed metropolitan areas. It benefits from its strategic and spectacular location on the tip of Africa and at the foot of Table Mountain, recently voted as one of the world's new seven wonders of nature. One of the Province's two deep sea ports as well the international airport are located in the Cape Town, facilitating both domestic and international trade and travel to and through the City.

4.1.1 Performance and Structure of the Economy

The economy of the Western Cape has outperformed the national economy since 2010 (StatsSA, 2014) and contributed more than 13% to national GDP, exceeding its share of national population and land mass (both ~11%). The historically better performance by the Western Cape economy stems from both the structure and source of its economic activity (PERO, 2014): the tertiary sector makes up a greater proportion of the Western Cape economy (67% of Western Cape Regional GDP (GDPR) in 2013) and has outperformed primary and secondary sector industries.

After contracting in 2009, GDPR accelerated to an annual rate of 3.9% in 2011. Economic growth in the Western Cape then slowed to 2.9% in 2012 and has largely mirrored national growth since then (PERO, 2014). Western Cape GDPR reached R391.6 billion in 2015 (WCG, 2016).

The performance of the CoCT metropolitan area largely mirrors that of the Province, as it generates more than 71% of the Western Cape's GDPR (WCG, 2016a) with 64% of the Province's population. It is the second-largest metropolitan economy in South Africa, after the City of Johannesburg. On average, in the last 15 years, the variation between the City's GDP growth rate and the provincial rate was ~0.5% (CoCT, 2013c). Cape Town's GDP amounted to R283.28 billion in 2015 (WCG, 2016), while GDPR per capita was R76 420 in 2014 (up 14% from R67 010 in 2004) (CoCT, 2016).

The most important sectoral contributors to the Western Cape Economy in terms GDPR are finance, real estate and business services (of which the River Club development would form a component) (~30% of total value added); wholesale, retail and trade, catering and accommodation (~16% of total value added); and manufacturing (~16% of total value added) (StatsSA, 2014). Although it contributes a relatively small portion of GDPR, the wide diversity of products produced by the agriculture, forestry and fishing industries are important to the Western Cape economy.

The CoCT contributes 80% of the Western Cape's finance and business services, more than 70% of wholesale and retail trade and about 70% of manufacturing (CoCT, 2013c).

Income, household consumption and growth in real consumer spending is expected to remain under pressure nationally in the short to medium term, as inflation, interest rates, subdued employment and credit growth weigh on household income. This poses a particular challenge to the tertiary sector, which dominates the Western Cape economy, as a slowdown in consumer spending will reduce demand for services (PERO, 2014). However, the Western Cape is less exposed to the mining sector than the national economy, and the fluctuations in commodity prices.

4.1.2 Population

The Western Cape has a population of ~6.1 million people, which is ~11% of the national population (StatsSA, 2014c). Almost 3.9 million people live in the Cape Town Metropolitan area, comprising 63% of the provincial population (CoCT, 2014). The population structure of both the Western Cape and the CoCT broadly mirrors the national population structure: ~25% are younger than 15 years, ~69% of the population is of working age (15 – 64 years old) and ~6% are over the age of 64 years (StatsSA, 2014b and CoCT, 2014). The proportion of working-age population in the CoCT and the Western Cape Province is slightly higher than South Africa as a whole.

The provincial and metropolitan populations grew on average by 2.3% per annum between 2001 and 2014 (CoCT, 2014), compared to a 1.6% average annual growth rate in the national population (Census, 2001 and Census, 2011). Cape Town's population grew by 29% between 2001 and 2011. Higher population growth in the Western Cape and the CoCT can (at least partly) be ascribed to in-migration, i.e. people from other provinces drawn to the Western Cape in the hope of finding employment and better opportunities (PERO, 2014) or a better lifestyle. Approximately one third of migrants came from the Eastern Cape, followed by foreign arrivals (~20%) and arrivals from Gauteng (~12%). As a result, the Black African population group has increased fastest over the last decade (see Table 4-1).The Western Cape had a net in-migration of just over 150 000 people between 2006 and 2011 (StatsSA, 2014c). The population is projected to continue growing 7.36 million people in 2040 (WCG, 2014a).

Table 4-1: Population Groups in the Western Cape and Cape Town

Population group	Western Cape		Cape Town	
	Population	Growth 2001-11	Population	Growth 2001-11
Black African	1 912 547	58%	1 444 939	58%
Coloured	2 840 404	16%	1 585 286	14%
Indian or Asian	60 761	34%	51 786	25%
White	915 053	10%	585 831	8%
Other*	93 969	-	72 184	-
Total	**5 822 734**		**3 740 026**	**29%**

Source: Census 2011 and Census 2001

***Note**: * Not a category reported in the 2011 Census*

4.1.3 Education

Education levels of the working age population in the CoCT (44% have Grade 12 or higher education) are better than those for the Western Cape Province (39% with Grade 12 or better and 2% without education). Nevertheless, the majority of the working age population at all levels does not have matric education (see Table 4-2).

Table 4-2: Education Levels of Working Age Population

Education level	% of working Age Population		
	South Africa	Western Cape	Cape Town
No education	6%	2%	1%
Grades 0 -8	23%	24%	19%
Grades 9 - 11	31%	32%	33%
Grade 12	27%	26%	28%
Diploma / certificate	8%	8%	10%
Degree	4%	5%	6%

Source: Census 2011

The Western Cape (and national) government has invested in technology and higher education. The objective of this strategy is to create the skills required to meet the demand for qualified and skilled workers (WESGRO, 2011).

4.1.4 Employment

Of the ~6.1 million people in the Western Cape, ~4.2 million people are of working age (15 – 64 years) (PERO, 2014). Of these, 64% (or ~2.9 million people) are in the labour force (employed or actively seeking employment), while ~8% (340 000 people) are discouraged work seekers[2]. Approximately 23% (675 000 people) of the provincial labour force was unemployed in 2014 (PERO, 2014).

Of the ~3.7 million people living in the City (in 2011), ~2.6 million people were of working age. Of these, 65% (or ~1.7 million people) were in the labour force, while 3% were discouraged work seekers. Approximately 24% of Cape Town's labour force was unemployed in 2011 (Census 2011), closely mirroring provincial patterns. Employment growth has averaged 1.5% per annum from 2010 to 2015, below the Provincial employment growth rate of 1.9% over the same period and down from 2.1% in Cape Town from 2005 – 2010. Approximately 268 500 net jobs have been created in the CoCT since 2005 (WCG, 2016).

Following the recession and global financial crisis, the unemployment rate increased in South Africa. The provincial unemployment rate grew by an average of 5.6% annually between 2009 and 2014 (higher than the national average of 3.5% - partly as a result of in-migration of unemployed people to the Western Cape). However, in the Western Cape, the number of employed people has increased at a faster rate than the national average (PERO, 2015) indicating that although unemployment is rising, additional jobs are being created in the Province.

The wholesale and retail trade sector was the largest employer in the Western Cape in 2014 (21.5%), followed by general government services (21.4%), finance, real estate and business services (16.7%) and manufacturing (13.2%) (StatsSA, 2014b and StatsSA, 2010).

Employment in the CoCT is expected to largely mirror provincial employment patterns, with slightly lower numbers of the metropolitan population employed in the primary sector than in rural areas.

[2] The Western Cape differs substantially from most other provinces in that the non-searching unemployed (also referred to as discouraged work seekers) account for ~8% of the working-age population, compared to nearly 32% nationally (PERO, 2014). A number of factors explain this difference, including the Province's relatively high level of urbanisation, the City of Cape Town's dominance within the provincial labour market and different patterns of educational attainment (PERO, 2014).

4.1.5 Income

Both the Western Cape and the City of Cape Town have a smaller proportion of households earning very low incomes and a larger proportion of households earning higher incomes than the national average. Nevertheless (in 2011), more than half of the households the Western Cape (65%) and the City (61%) had a monthly income of less than ~R6 366 (or R76 400 per annum) (see Table 4-3).

Table 4-3: Annual household income in 2011

Annual income	% of the households in:		
	South Africa	Western Cape	CoCT
No income	15%	13%	14%
R1 – R38 200	48%	36%	33%
R38 201 – R76 400	13%	16%	14%
R76 401 – R307 600	16%	24%	25%
R307 601 – R614 400	5%	7%	9%
R614 401+	3%	4%	5%

Source: Census 2011

The GDPR per capita in the Western Cape was estimated at R43 557 in 2011 (2005 prices) compared to R49 647 for Cape Town (CoCT, 2014). This placed the CoCT third - after Tshwane and Johannesburg - in terms of per capita GDPR in the country's six metros. The level of poverty[3] decreased in the Western Cape Province and the CoCT by 4.6% and 4.2% respectively between 2001 and 2010 (CoCT, 2014).

4.2 Socioeconomic Baseline: Project Area

The CoCT is divided into eight planning districts and 24 subcouncils. Subcouncils are divided into 111 smaller administrative wards, which may contain several suburbs.

The site is situated in the Table Bay District and Subcouncil 15 of the CoCT. Subcouncil 15 is divided into Wards 51, 52, 53, 55, 56 and 57 (see Figure 4-1). The site is located in Ward 57.

[3] Poverty income is defined as the minimum monthly income needed to sustain a household and varies according to household size. The monthly income needed to keep a one person household out of poverty was estimated in 2010 to be R1 315; for a two person household R1 626; four person household R2 544; and eight or more person R4 729.

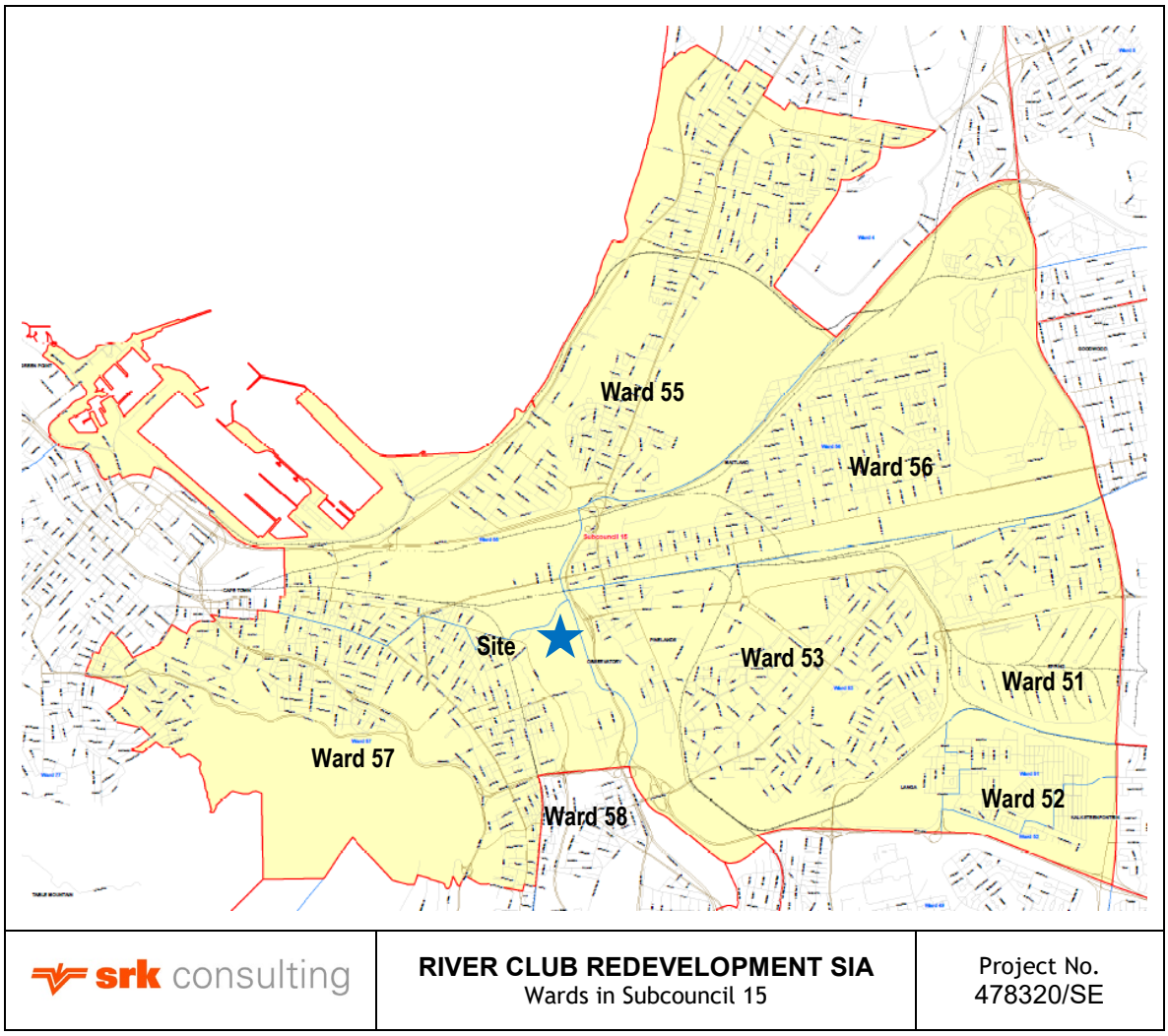


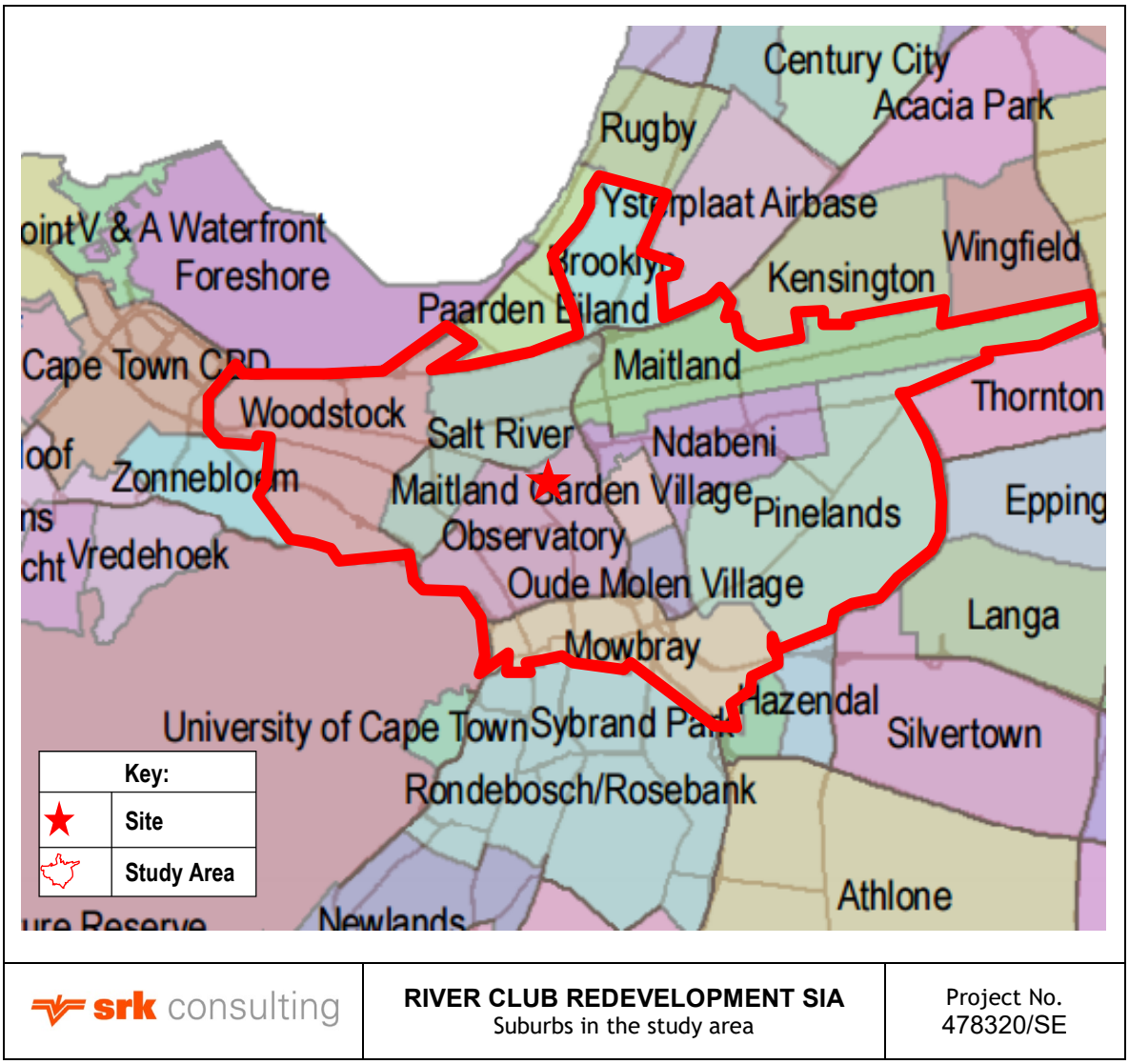
Figure 4-1: Wards in Subcouncil 15

Source: CoCT, 2012

Subcouncil 15 is located on the Table Bay coastline to the east of Table Mountain National Park. The Subcouncil includes Table Bay harbour and extends 30 km from the suburb of Mowbray in the south to Woodbridge Island and Sanddrift in the north, and approximately 9 km to Epping in the east. The Subcouncil includes 15 kilometres of coastline and encompasses Milnerton Lagoon, the TRUP and Rietvlei Nature Reserve as well as the Liesbeek, Black, Elsieskraal, Diep, Salt and Jakkalsvlei Rivers.

The Subcouncil includes a great diversity of areas, ranging from some of the poorest and most underprivileged suburbs in Cape Town, such as Joe Slovo Park in Langa, to some of the more affluent, such as Pinelands.

The site is located in the suburb of Observatory (see Figure 4-2). The study area (and the area of direct socioeconomic influence of the project) includes suburbs located within approximately 5 km of the site, i.e. Woodstock, Brooklyn, Salt River, Maitland, Maitland Gardens, Ndabeni, Pinelands, Oude Molen Village and Mowbray in Wards 53, 55, 56, 57 and 58. A number of socioeconomic indicators are discussed below for each of these suburbs, mainly derived from Census 2011 data. Where Census 2011 data is not available, Census 2001 data is used.



srk consulting	RIVER CLUB REDEVELOPMENT SIA Suburbs in the study area	Project No. 478320/SE

Figure 4-2: Suburbs in study area

Source: CoCT, 2013a

4.2.1 Population

The population of the study area increased at an average of 4.3% per annum between 2001 and 2011 (see Table 4-4, Census 2011). This exceeds the average growth rate of the City (2.9%). The location of the study area and ease of access to the Cape Town CBD makes the study area an attractive region for urban expansion, and is the likely explanation for the rapid population growth rate.

The most populous suburbs in the study area include Woodstock and Pinelands. Population growth was highest in Ndabeni, Oude Molen Village and Brooklyn, where property prices and rent are relatively lower (as evidenced by the lower household income in these suburbs – see Table 4-6). Lower and more stable population growth occurred in the more affluent suburbs.

Apart from the low population density suburbs of Pinelands and Mowbray, other suburbs in the study area have medium population density (Planning Partners, 2016).

The population if the study area increased from 49 077 in 2001 to 71 465 in 2011. If this growth rate is maintained, the population would reach108 504 by 2021. If the population grows at the current City average growth rate, the population would be approximately 95 091 in 2021. It is probable that the study area population will grow faster than the City average owing to implementation of CoCT urban

densification policies (especially in areas with good access to the CBD - CoCT, 2012), and local urban regeneration and development initiatives such as the River Club Development and the TRUP.

Table 4-4: Population data for the study area

Suburb	2001 Population	2011 Population	Average Annual Population Growth Rate	Projected Population in 2021 at CoCT Growth Rate (2.9%)	Projected Population in 2021 at Historic Growth Rate (by area)
Woodstock	11 543	12 656	1,0%	16 840	14 019
Pinelands	10 618	14 198	3,3%	18 892	19 608
Brooklyn	5 958	10 941	7,0%	14 558	21 495
Maitland	5 624	9 782	6,3%	13 016	18 093
Observatory	5 310	9 207	6,3%	12 251	16 971
Salt River	4 370	6 577	4,6%	8 751	10 359
Maitland Garden	1 257	1 834	4,3%	2 440	2 791
Ndabeni	30	1 014	47,9%	1 349	50 680
Oude Molen Village	0	530	N/A	705	705
Mowbray	4 367	4 726	0,9%	6 288	5 160
Total / Average	**49 077**	**71 465**	**4,3%**	**95 091**	**108 504**
CoCT	**2 892 243**	**3 740 025**	**2,9%**	**4 976 439**	**4 976 439**

Source: Census, 2011

4.2.2 Socioeconomic Status Index

The Socioeconomic Status Index (SES) is an indicator of relative socioeconomic status of communities, calculated by the CoCT based on four indicators:

- % of households earning less than R19 200 per annum;
- % of adults (20+) with highest educational level less than matric;
- % of the economically active population that was unemployed; and
- % of the labour force employed in elementary/unskilled occupations.

A lower SES score indicates relatively better socioeconomic conditions.

Using Census 2011 data SRK calculated SES Indices to compare the socioeconomic status of suburbs in study area. The SES indicates that the socioeconomic status of the population in the study area is better than the City average (see Table 4-5). This implies that, on average, the population in the study area is considerably better educated and much more likely to be employed than the average person living in Cape Town. Households in the study area are less likely to have a very low monthly income (i.e. less than R3 200 / month). On average, only 4% of dwellings in each suburb are informal, about 17% less than the City average, indicative of a relatively good standard of service delivery in the study area.

The socioeconomic status of communities in the study area varies significantly, with residents in Pinelands, Mowbray, Woodstock and Observatory enjoying a relatively high standard of living, and residents of Oude Molen Village and Maitland Garden Village having a lower living standard, albeit their SES scores are above the City average (see Table 4-5).

SES scores vary sharply from suburb to suburb, ascribed to one or more of the following historic, political, economic or aesthetic drivers:

- Access to land (and apartheid planning);
- Availability of land for urban expansion;
- Access to public transport; and
- Proximity to industrial areas.

A brief description of the socioeconomic characteristics of each of these suburbs is presented in Section 4.2.3.3.

Table 4-5: SES indices for suburbs in study area (Census 2011)

Suburbs	SES Score
Pinelands	31.09
Mowbray	35.96
Woodstock	37.41
Observatory	38.21
Maitland	*45.38*
Salt River	*47.08*
Ndabeni	*48.98*
Brooklyn	*49.23*
Oude Molen Village	*51.38*
Maitland Garden Village	*57.52*
Average	**44.22**
CoCT	**50.60**

Source: Census, 2011

Note: Italicised communities indicate areas with above study area average (i.e. poorer) SES Index scores.

4.2.3 Socioeconomic Analysis

The following section briefly describes the socioeconomic status of the study area and of the suburbs in the study area. Table 4-8 shows key socioeconomic indicators for the suburbs in the study area.

Table 4-6: Socioeconomic indicators for the study area

Suburb	% Population of Working Age	% Adults with Grade 12 or Higher	Unemploy-ment Rate	% hh Monthly Income < R3200	% Informal Dwelling	SES*
Pinelands	67.2	89.6	4.1	10.3	0.5	31.09
Mowbray	83.7	91.6	7.9	28.9	1.4	35.96
Woodstock	72.5	90.6	13.7	28.4	1.8	37.41
Observatory	82.9	85.7	9.1	30.6	1.1	38.21
Maitland	*72.6*	*59.5*	*13.9*	*33.8*	*6.7*	*45.38*
Salt River	*77.5*	*65.8*	*18.7*	*37.8*	*2.4*	*47.08*
Ndabeni	*78.4*	*61.7*	*8.8*	*50.6*	*1.8*	*48.98*
Brooklyn	*68.9*	*56.1*	*16.4*	*39.0*	*2.4*	*49.23*
Oude Molen Village	*66.2*	*66.7*	*13.3*	*80.0*	*21.1*	*51.38*
Maitland Garden Village	*67.4*	*27.6*	*22.2*	*38.0*	*2.5*	*57.52*
Total / Average	**73.7**	**69.4**	**12.8**	**37.7**	**4.2**	**44.2**
CoCT	**69.7**	**46.9**	**23.9**	**47.0**	**21.6**	**50.6**

Source: Census, 2011

Note: Italicised communities indicate areas with above study area average (i.e. poorer) SES Index scores.

The socioeconomic status in each of the suburbs in the study area varies significantly. A brief description of the socioeconomic status of each suburb, or where appropriate, cluster of suburbs, follows.

Pinelands

Pinelands is the most affluent suburb in the study area, with very low levels of unemployment. Dwellings are almost all formal (more than 99.5%), and residents of this suburb generally enjoy an affluent lifestyle. The population of the suburb grew at 3.3% per annum between 2001 and 2011 to 12 656 people, almost mirroring the City average.

The suburb has a number of facilities such as the Pinelands High School and a number of primary schools), the Howard Centre Shopping Mall, Old Mutual Head Office (a significant regional employer) and sporting facilities, e.g. Clyde Pinelands Sports Club.

Access to Pinelands is from Raapenberg Road from the west, Viking Way from the east, and the Jan Smuts from the south (N2). Access to Pinelands is also possible from the Berkley Road to the northwest. Access to the River Club (for most areas to the east of the M5) is poor. The City railway network passes to the west of the suburb and provides good access to the City.

Maitland Garden Village and Oude Molen Village

Maitland Garden Village and Oude Molen Village are small, contiguous communities located to the east of the Black River and the M5, and immediately to the west of Pinelands (see Figure 4-11). These communities have the highest SES scores in the study area, and the socioeconomic status of residents is worse off on average than other people living in the CoCT.

The population of Maitland Garden expanded at 4.3% between 2001 and 2011 to a total population of 1 834. Oude Molen Village had no residential inhabitants in 2001, but 530 in 2011. While almost all houses are formal in Maitland Garden Village, one in five houses in Oude Molen Village are informal. This is possibly a result of a recent urban in-migration to the area.

The Ndabeni Industrial Area is located immediately northeast of Maitland Garden Village, and is assumed to be a significant employer of people in these two communities and other communities located further afield.

These suburbs reflect high levels of social and environmental vulnerability associated with living in low income settlements in urban areas in South Africa. The majority of people living in such areas can be considered socially, economically and environmentally vulnerable (Oelofse, 1999, in Lewis et al, 2007).

Alexandra Hospital and Vincent Palotti Hospital are located in the suburb. Access to these areas is from Berkley Road to the north and Raapenberg Road to the south. The M5 road runs west of these communities and the City railway network passes to the east, both of which provide good access to other areas in greater Cape Town.

Ndabeni

Ndabeni is predominantly industrial and is located immediately northeast of Maitland Garden Village, to the south of Maitland, and to the northeast of Pinelands. Although unemployment in Ndabeni is low, inhabitants of Ndabeni generally earn low incomes and experience worse than average socioeconomic conditions for the study area.

Ndabeni was established in the early 1900's as the first township for people of African origin. As the City expanded these people were once again relocated from Ndabeni to other townships on the outskirts of the City, such as Langa. In 2001 the suburb had only 30 residents, but by 2011 more than 1 000 people had settled here (Census, 2011). It is assumed that the large number of industrial

facilities and employment opportunities in Ndabeni are a significant urban pull factor for residential settlement at this location.

The only notable public facility in Ndabeni is the Pinelands Police Station. The urban rail network passes through Ndabeni and services both industrial areas and provides access for residents to other areas in the City. Access to Ndabeni is from the M5 and Berkley Road to the west and Jan Smuts Drive to the east. Access is also possible from the N2 to the south (via Alexandra Road).

Maitland

Maitland is a residential, commercial and industrial suburb located to the northeast of the site across the Black River and M5. The suburb is a historically important node as it links various transport routes (most notably rail) with the CBD. Socioeconomic characteristics in Maitland are similar to those in the study area. A significant proportion of dwellings in this suburb are informal (nearly 7%).

The population of Maitland has grown at a slightly faster than City average rate from 5 624 people in 2001 to 9 782 in 2011.

Maitland railway station is an important junction for a number of the City's railway lines. Road access to Maitland is from Berkley Road to the south and the N1 to the north, as well as along Voortrekker Road, a major commercial thoroughfare.

Brooklyn

Brooklyn is a residential and commercial suburb located to the north of Maitland and the N1. The inhabitants of Brooklyn are on generally less educated and are more likely to be unemployed than the average person in the study area. The suburb is characterised by low income levels, urban decay and high levels of crime (Brown, not dated).

The population of Brooklyn grew at a rate faster than the City average (7% per annum) from 5 958 in 2001 to 10 941 in 2011.

The new Northgate Island shopping centre is located in the southeast of the suburb. This centre targets regional commuters on the N1 and not the residents of Brooklyn (Brown, not dated). A community hall and sports complex is available to residents in the community. The Ysterplaat Primary School and community health centre also service residents. Notably, there is no police station in Brooklyn.

Koeberg Road (the M5) passes through Brooklyn and the N1 forms the southern boundary of the suburb. The N1 acts as a barrier constraining access to the south, including the River Club. These roads provide good access to residents to other areas in the City, as does Koeberg Road, a major commercial thoroughfare.

Woodstock

The residential, commercial and industrial suburb of Woodstock is located to the northwest of the site beyond Salt River. The area has been inhabited since the 1700's, and therefore has a rich heritage (Hislop, not dated). Residents of Woodstock are generally well educated and most dwellings in the suburb are formal (98.2%). Unemployment, however, is relatively high compared to other suburbs in the study area, but still well below the City average.

In contrast with all other suburbs in the study area, Woodstock's population only increased by 1% per annum from 2001 to 2011, to 12 656 people. Nevertheless, Woodstock remains the second most populous suburb in the study area behind Pinelands.

As well as a number of historic buildings and heritage monuments, important public facilities in Woodstock include The Old Biscuit Mill market, three schools (Alpha School, Mountain Road Primary

School and Queen's Park High School), and the vast, industrialised Foreshore back-of-port area, the Woodstock Rail Yard and container depot.

The railway network and the MyCiti Bus service provide access to and from Woodstock. Road access to Woodstock is possible from De Waal Drive to the North, the M4 to the south, and Malta and Voortrekker Roads to the east. The N2 passes through Woodstock and also provides access to and from Woodstock. The M57 (Lower Main Road / Liesbeek Parkway) provides access to the River Club.

Salt River

The suburb of Salt River is located west of the site between Woodstock and Observatory. Due to its location close to the CBD and the harbour, Salt River is a historically important industrial hub in the City. In the 1980s the area underwent a period of deindustrialisation (ESRC, not dated), which spurred new residential and commercial developments.

Unemployment levels are still relatively high (nearly 19% of the active working population), although there are large variations in social conditions within the suburb. The socioeconomic status of residents is on average slightly worse than most residents in the study area.

The population of Salt River grew slightly faster than the City average between 2001 and 2011, from 4 370 to 6 577 people. Previously a lower-middle class suburb settled mainly by working-class Coloured families, the area is now also settled by young professionals, workers and students of all race groups (ESRC, not dated).

The Salt River Rail Yard and the PRASA are both located in Salt River. Public facilities include the Dryden Street Primary School and Wesley Practising Preparatory School. The Salt River Blackpool Football Club is the only notable recreational facility in the suburb.

The railway network and the MyCiti Bus service provide access to and from Salt River. Road access to Salt River is possible from Voortrekker Road to the North, the M4 (Main Road) to the south, and Malta Road to the east. The N2 passes south of Salt River. The M57 (Lower Main Road / Liesbeek Parkway) provides access to the River Club.

Observatory

The suburb of Observatory is located south of Salt River. The River Club site is located in the east of Observatory (the M5, located to the east of the site, forms the eastern boundary of the suburb). The residents of Observatory are generally more educated, and more likely to be employed and earn a higher income than the average resident in the study area. Almost all houses in Observatory are formal.

The population of Observatory grew at an annual rate of 4.6% from 4 370 people in 2001 to 6 577 people in 2011, approximately 1.5% faster than the City average, but similar to the population growth rate for other suburbs in the study area.

Originally Observatory was an agricultural settlement with strategic military value. In 1820 the “Royal Observatory”, which gives the suburb its name, was established in this area. The observatory is now the headquarters of the SAAO, and is a significant heritage monument.

Groote Schuur Hospital and Valkenberg Psychiatric Hospital are both located in Observatory. The suburb has an increasingly commercial nature, the Black River Parkway commercial development located to the west of the site being a good example. Observatory Junior School is the only place of education in the suburb, while the 10 ha Raapenberg Bird Sanctuary abuts the site. Observatory has popular outdoor sports facilities, such as the Malta Sports Fields and Hartleyvale Hockey Stadium.

Access to Observatory is from the N2 in the south and the M3 to the west. The M4 (Main Road) passes through Observatory and provides access to Salt River, Woodstock and the CBD to the

northwest. The railway network and the MyCiti Bus service also provide access to and from Observatory. The M5 forms the eastern boundary of this suburb, although no direct access from this road is currently possible. The M57 (Liesbeek Parkway) provides access to the River Club.

Mowbray

The commercial and residential suburb of Mowbray is located to the southwest of the site immediately south of Observatory (see Figure 4-11). The socioeconomic status of residents in this suburb is amongst the best in the study area: inhabitants are general well educated, are likely to be employed, and earn an above average income. Almost all dwellings in the suburb are formal.

The population of Mowbray has grown at the slowest rate of all suburbs in the study area (less than 1% per annum), well below both the average growth rate for the City, and was estimated at 4 726 people in 2011. The low growth rate for the suburb is probably accounted for by relatively high property prices, and the lack of developable land for new residential development.

Public facilities in the suburb include Mowbray Maternity Hospital, Rhodes High School and St. George's Grammar School. Other facilities include the King David Mowbray Golf Course and the Rondebosch Golf Course, as well as University Of Cape Town residences and sports fields.

The Liesbeek River provides amenity value in the area, particularly where riverside walkways have been restored, notwithstanding concerns regarding pollution and security.

Access to Mowbray is from the M5 to the south, the N2 to the southeast and the M3 to the west. The M4 (Main Road) passes through this suburb. The railway network also provides access to and from Mowbray. The M57 (Liesbeek Parkway) provides access to the River Club.

4.2.4 Socioeconomic Trends

For many years the CoCT has implemented polices to promote densification and mixed-use developments to contain urban sprawl and alleviate traffic. These are evidenced in a range of past and present developments in and around Cape Town, such as Century City. Due to the increasing demand for city-based living and work spaces near central Cape Town, a number of high-value developments with investments in excess of R1 billion are currently proposed in centrally located areas[4]. These trends have implications for the socioeconomic profile in the city, most notably continued population growth in centrally located areas and more mixed and integrated new developments, with the consequence that residential suburbs increasingly have more commercial elements, and vice versa. These changes are already underway and evident in the transforming profiles of the suburbs within the study area.

[4] Such as the R1.5 billion Zero2One Tower (624 residential units and ~6 000 m^2 of business space on 42 floors), the R1.2 billion Yacht Club (mixed-use development on the Foreshore, including commercial space, 170 residential units and a hotel) and R1 billion development of 250 residential apartments and 4 000 m² of retail space in the Bo-Kaap.

5 Impact Assessment

A number of impacts with socioeconomic consequences (including traffic, heritage, visual, sense of place) are assessed in separate specialist studies undertaken for the BA. Consequently, the SIA is more narrowly confined to socioeconomic impacts not assessed elsewhere (e.g. employment, income, housing).

5.1 Potential Impacts: Construction Phase

The following potential construction phase impacts were identified and assessed:

- SE1: Investment in the economy creating wealth; and
- SE2: Increased employment, income and skills development.

5.1.1 Potential Impact SE1: Investment in the Economy Creating Wealth

Two layout alternatives are considered in the impact assessment; both have the same floor areas of 150 000 m^2 and land uses. The estimated capital investment costs (including material and professional fees) differ slightly between the two options, mainly due to different bulk earthworks requirements, and amount to:

- R3.90 billion for layout alternative 1; and
- R3.94 billion for layout alternative 2.

It is expected that the development of the River Club will take place over a 3 – 5 year construction period, over seven years.

Construction of the River Club development will generate:

- Direct economic impacts, through the employment of staff and direct procurement from suppliers, e.g. equipment and contractors;
- Indirect economic impacts, mainly procurement by suppliers and service providers from other businesses; and
- Induced economic impacts, through increased demand from households earning an income from direct and indirect economic impacts.

The direct capital investment for the River Club project of ~R3.9 billion is highly significant for a single project, as the total investment (over ~7 years) represents:

- ~1.4% of Cape Town's GDPR of R283.28 billion in 2015 (WCG, 2016); and
- ~35.5% of the Cape Town's construction sector's contribution of R11.11 billion in 2015 (WCG, 2016).

Dlamini (2012) notes a strong relationship between construction activity and economic growth. As an investment sector, construction has the potential to increase short-term growth and can be regarded as a major component of investment programmes, particularly for developing economies like South Africa. The construction sector provides capital infrastructure, which creates significant employment opportunities for the population and generates further investment in other sectors of the economy through the multiplier effect.

The domestic output sector multiplier for the South African construction industry is 1.9, implying that for every R1 million of extra construction spend, output in the entire economy expands by R1.9 million

(National Treasury, 2016)[5]. The River Club development may thus increase total economic output by ~R7.4 billion over the ~3-5 year construction period, i.e. a supplementary indirect economic boost of R3.5 billion.

The multiplier excludes the additional induced economic output of higher employment on consumption, which is certain to be positive.

Economic growth in Cape Town has slowed since 2010 to 2.5% per annum (WCG, 2016), which is concerning given the high unemployment, poverty and population growth rates in the City. Construction, once the fastest growing industry (albeit off a relatively small base) has slowed to an average of 1.7% per annum in 2010 – 2015. It is expected that the River Club development would contribute significantly to maintaining or increasing growth rates in the sector for the duration of project construction.

The River Club development is one the highest-value single development proposals currently considered in the City of Cape Town.

The extent of the benefit is deemed regional, as it is expected that most of the (bulk) materials and expertise required during construction will be sourced from the Western Cape. The intensity of the benefit is considered high over a medium-term.

The benefit is assessed to be of ***high*** significance and with the implementation of optimisation remains ***high*** (Table 5-1).

Table 5-1: Significance of investment in the economy creating wealth

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Regional 2	High 3	Medium 2	**High** **7**	Probable	**HIGH**	+ve	High
Essential optimisation measures: • Procure goods and services from local, provincial or South African suppliers as far as possible, with an emphasis on Black Economic Empowerment (BEE) suppliers where possible.								
With mitigation	Regional 2	High 3	Medium 2	**High** **7**	Probable	**HIGH**	+ve	High

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. It is expected that some ongoing maintenance investment will continue to be required to upkeep the current facilities, as per the current situation.

5.1.2 Potential Impact SE2: Increased Employment, Income and Skills Development

Employment provides many socioeconomic benefits to employees and their dependants, including:

- Improved material wealth and standard of living;
- Enhanced potential to invest and improved access to social services such as education and health services;

[5] Construction has the highest domestic output multiplier of all sectors reported by the National Treasury, followed by agriculture, forestry and fisheries and finance, real estate and business services (both of which have a multiplier of 1.7).

- Enhanced skills transferred to previously unskilled workers, facilitating employment prospects of such workers; and
- Contribution to a sense of independence, freedom and pride, which may promote a good work ethic.

The project is expected to create various types of employment during the construction phase:

- Direct employment includes contractors building the River Club development and the project management team appointed by LLPT;
- Indirect employment includes other sub-contractors and suppliers; and
- Induced employment includes employment generated by increased spending at businesses and on services by households earning an income from the project (the multiplier effect).

Construction is one of the most labour-intensive sectors in the economy (Tregenna, 2010). LLPT estimates that the project will directly employ on average 5 239 workers during the ~30 months construction period, at times peaking at 8 382 workers. Of these, ~70% will be on site and ~30% will be off site. Total direct construction employment amounts to ~157 170 person-months. A breakdown of requisite skills levels is not available, but the formal Cape Town construction sector employs on average 16% skilled labour, 66% semi-skilled labour and 18% low-skilled labour (WCG, 2016). For the project, this would translate into 816 skilled positions, 3 474 semi-skilled positions and 948 low-skilled positions.

Construction creates and sustains indirect jobs mainly in upstream sectors, e.g. building material and furnishings, as well as in other services provided by contractors, e.g. architects, consultants, security. National Treasury (2016) estimates an employment multiplier of 4.9 for the South African construction sector, implying that for every R1 million of extra construction spend, 4.9 additional jobs are created[6]. This implies that the River Club development may increase total employment by some 19 000 jobs, of which ~13 700 would be indirect and induced for this project. Direct as well as many indirect and induced jobs will be located in the Cape Town region.

Approximately 24% (408 000 people) of the Cape Town labour force was unemployed in 2011 (Census, 2011), while ~268 500 net jobs have been created in the CoCT since 2005, ~28 800 of those in the construction sector (WCG, 2016). The construction sector employed 128 491 workers (or 8.3% of the City's workforce) in 2015 (WCG, 2016).

The creation of ~5 239 direct and possibly ~13 700 indirect and induced jobs would contribute meaningfully towards employment at the regional level, and construction sector employment in particular. The construction sector typically benefits workers with a range of skill levels, but particularly semi- and low-skilled workers, i.e. the people most in need of employment, income and skill development[7].

[6] Construction has the second highest employment multiplier of all sectors reported by the National Treasury, after wholesale, catering and accommodation (5.3) and on par with agriculture, forestry and fisheries (4.9).

A 2006 cidb study estimates multipliers of around 4.2 direct jobs created in the formal sector per R1 million invested, while the construction materials manufacturing and materials distribution sector had a direct job creation multiplier of around 3 persons per R1 million (cidb, 2015).

[7] Employment growth within the low and semi-skilled sectors remained relativity stagnant in the Western Cape, increasing by 0.1% and 0.6% per annum respectively from 2005 – 2015, while the skilled sector grew at 0.9& per annum (WCG, 2016).

The cost of direct employment during the construction period is estimated at some R1.63 billion (for the ~5 years of construction). The average wage will be above the South African minimum wage of R3 500 in 2017[8], generating (temporary) income for a large number of households.

Direct and indirect employees will support a number of dependants. Based on data from the National Income Dynamics Survey (NIDS, Wave 3), Finn (2015) estimates that the average dependency ratio for earners in South Africa is 1.55 (i.e. each income earner on average supports herself and 1.55 other people). The average ratio varies significantly between 1.0 for non-poor earners and 2.65 for earners in poor households.

Assuming that the 5 239 direct employees support between 1.0 (skilled labour) and 2.65 (semi- and low-skilled labourers) dependants, an additional 12 500 people benefit from income earned by direct employment at the River Club development. Assuming further indirect and induced employment of ~13 700, this could increase the number of benefitting dependants by another ~30 000.

The extent of the benefit is deemed regional, as it is anticipated that direct and indirect workers will primarily be recruited from the Cape Town metropole. The opportunities created by the value chain, particularly bulk material supply, are also likely to benefit regional communities most. The intensity of the benefit is considered medium, extending over the medium term.

Employment numbers are largely determined by industry and market forces; consequently, there are no recommended mitigation measures to further optimise the benefits of the project.

The benefit is assessed to be of ***medium*** significance and with the implementation of optimisation remains ***medium*** (Table 5-2).

Table 5-2: Significance of increased employment, income and skills development

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Regional 2	Medium 2	Medium 2	**Medium** **6**	Probable	**MEDIUM**	+ve	Medium
Essential optimisation measures: • Utilise local labour and contractors as much as possible. • Where non-local specialist staff is required, implement a training programme to upskill local labour.								
With mitigation	Regional 2	Medium 2	Medium 2	**Medium** **6**	Probable	**MEDIUM**	+ve	Medium

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. In this scenario, it is expected that staff numbers would not change significantly from the current situation.

5.2 Potential Impacts: Operational Phase

The following potential operational phase impacts were identified and assessed:

- SE3: Increased employment, income and skills development;
- SE4: Increased government revenue;
- SE5: Increase in centrally located housing, including inclusionary housing;

[8] https://businesstech.co.za/news/finance/156159/its-official-national-minimum-wage-set-at-r3500-per-month/

- SE6: Densification facilitating improved connectivity, transport systems and TRUP implementation;
- SE7: Loss of private open space and creation of new publicly accessible open space;
- SE8: Increase in property values in surrounding areas;
- SE9: Gentrification in surrounding residential areas;
- SE10: Change in the quality of life in the area; and
- SE11: Pressure on service provision.

5.2.1 Potential Impact SE3: Increased Employment, Income and Skills Development

As noted in Section 5.1.2, employment provides many socioeconomic benefits to employees and their dependants. The project is expected to create employment during the operational phase:

- *Direct* employment includes staff appointed or contracted by LLPT to manage the River Club development;
- *Indirect* employment includes jobs at suppliers of goods and services to those contracted or appointed directly by the LLPT; and
- *Induced* employment includes employment generated by increased spending at businesses and on services by households earning an income from the project (the multiplier effect).

Direct employment

Approximately 860 people will be directly employed at the River Club development, including office areas (maintenance and cleaning), residential units, retail areas, gym and hotel (and excluding tenants' staff, see Table 5-3).

Table 5-3: Direct employment at the River Club development during operational phase

Employment type	Estimated number of jobs	Estimated annual wage bill
Centre management	19	R11 400 000
Letting team	11	R9 900 000
Security	435	R62 640 000
Cleaning	154	R22 176 000
Maintenance	65	R23 400 000
Landscaping Maintenance	36	R8 640 000
Reception	25	R9 000 000
Hotel staff	77	R36 960 000
Gym staff	38	R18 240 000
Total	**860**	**R202 356 000**

Source: pers. comm. Capex (2017), extrapolated for latest employment estimates

The LLPT estimates the wage bill for direct employment at R200 million per annum (in 2017 Rand - see Table 5-3), with the average wage at ~R19 600 per month. Based on the discussion in Section 5.1.2, the 860 direct and indirect River Club employees are likely to support an additional ~1 700 dependants.

Indirect and induced employment

The commercial and business services sectors provide opportunities primarily for semi-skilled and skilled workers, and have high employment multipliers of 5.3 and 3.1, respectively (National Treasury, 2016). Annual operating expenditure may result in additional indirect and induced jobs. Direct as well as many indirect and induced jobs will be located in the Cape Town region.

Employment at tenants

Prospective tenants at the River Club will also employ people:

- Retail facilities may employ ~320 retail staff[9];
- Office-based business services may employ ~5 000 office workers[10]; and
- Residents may employ domestic workers.

However, such employment will be driven by external demand for services and products, and in this report is not directly attributed to the River Club development. Tenants attracted to the River Club will probably include a combination of companies / residents relocating from other areas (displacing jobs in those areas) as well as new companies / residents responding to consumption patterns and economic growth (and creating new jobs). Therefore, by virtue of generating critical mass and providing appropriate facilities, the River Club development is likely to induce at least some additional employment by allowing tenants to expand and operate more efficiently, with an assumed marginal net positive effect on employment.

The extent of the benefit is deemed regional, as it is anticipated that direct and indirect workers will primarily reside in Cape Town. The intensity of the benefit is considered low, extending over the long term.

Employment numbers are largely determined by industry and market forces; consequently, there are no recommended mitigation measures to further optimise the benefits of the project.

The benefit is assessed to be of ***medium*** significance and cannot be further optimised (Table 5-4).

Table 5-4: Significance of increased employment, income and skills development

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Regional 2	Low 1	Long-term 3	**Medium** **6**	Probable	**MEDIUM**	+ve	Medium
Essential optimisation measures: • Utilise local labour and contractors as much as possible. • Where non-local specialist staff is required, implement a training programme to upskill local labour.								
With mitigation	Regional 2	Low 1	Long-term 2	**Medium** **6**	Probable	**MEDIUM**	+ve	Medium

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. In this scenario, it is expected that staff numbers would not change significantly from the current situation.

5.2.2 Potential Impact SE4: Increased State and Local Government Revenue

The River Club development is expected to increase State and local government revenue.

Direct local government (CoCT) revenue derives primarily from property rates and service charges (e.g. for water, electricity, waste removal etc.).

[9] Pick n Pay employs on average retail 33 staff per 1 650 m^2 floor space[9]; at this ratio, 16 000 m^2 can accommodate 320 retail staff.
[10] Office workers require on average 15 to 25 m^2 office space; at this ratio, 80 000 m^2 can accommodate 3 200 to 5 300 office workers.

MLC Quantity Surveyors (2017) estimates that annual property rates for the River Club development amount to R46 545 000 (in 2017 Rand) upon completion of the project, based on the future value of the River Club. These rates would represent ~0.5% of the City's budgeted total revenue from property rates of R8.8 billion in 2017/18. This is significant for a single development. Revenue from property rates accounts for 23% of total budgeted CoCT revenue. The City will also derive revenue from service charges levied on the River Club development.

As the River Club development is expected to result in some increase in surrounding property values, (see Section 5.2.6), rates on these properties will also increase local government revenue.

Direct State revenue primarily derives from corporate and personal income taxes.

Direct employment incomes of R200 million per annum (in 2017 Rand) (see Section 5.2.1) will attract personal income tax on a sliding scale from 18% to 45% (for incomes of more than R75 750 per annum in the 2018 tax year), increasing State revenue. Indirect and induced employment will further increased State revenue.

Revenue from the River Club development will be comparatively more meaningful for local government than the State, as local government budgets are smaller and draw from a smaller number of contributors.

Rates and taxes are determined by relevant policies; consequently, there are no recommended mitigation measures to further optimise the benefits of the project.

The impact is assessed to be of ***medium*** significance and cannot be further optimised (Table 5-5).

Table 5-5: Significance of increased government revenue

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Regional 2	Low 1	Long-term 3	**Medium** **6**	Probable	**MEDIUM**	+ve	Medium
Essential optimisation measures: • None.								
With mitigation	Regional 2	Low 1	Long-term 3	**Medium** **6**	Probable	**MEDIUM**	+ve	Medium

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. In this scenario, it is expected that current revenue streams to the local government from rates and taxes would not change significantly.

5.2.3 Potential Impact SE5: Increase in Centrally Located Housing, Including Inclusionary Housing

LLPT proposes that 20% of the total floor space (~30 000 m^2) will be allocated for residential use. It is anticipated that the target market will be households earning more than R18 000 per month. However, 20% (6 000 m^2) of residential floor space will be allocated for inclusionary housing. For the purpose of this study, it is assumed that the development will entail at least 600 units of which at least 120 units will be inclusionary. If it is assumed that each unit accommodate on average two people, this will provide accommodation for some 1 200 residents.

Inclusionary housing units will be:

- Made available on an application basis;

- Offered to prospective tenants at below the rental market value (a rental only model is currently envisaged); and
- Offered to a select group of individuals - employed civil servants (teachers, nurses, policemen etc.).

Demand for centrally located housing has increased in recent years, triggered by a range of factors, including an increase in jobs close to the CBD and higher traffic volumes into town. The increase in demand for such housing is evidenced by significant appreciation in house prices in areas located in and close to the CBD, and a boom in large-scale inner-city (residential) developments. A study by FNB (cited in moneyweb.co.za) found that Observatory (in the "City Near Eastern Suburbs" sub-region) had the third-highest average year-on-year house price growth in the Cape Town region, trailing the Atlantic Seaboard and the City Bowl (see Figure 5-1).

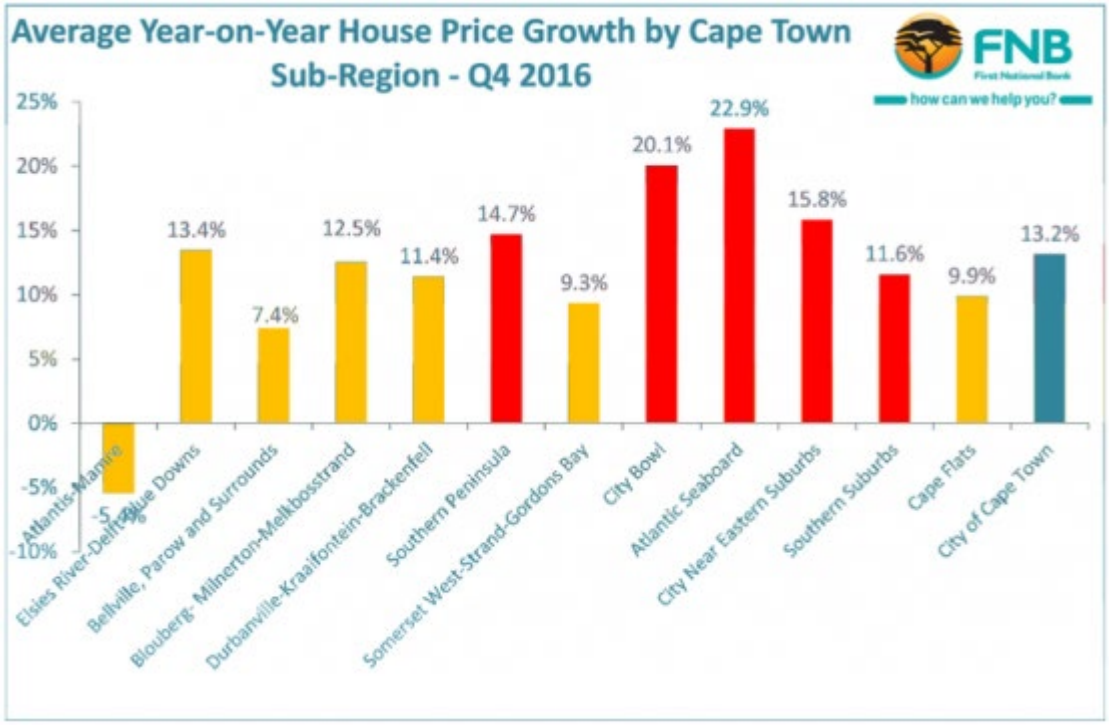


Figure 5-1: Average year-on-year house price growth by Cape Town sub-region

Source: *https://www.moneyweb.co.za/investing/property/heres-how-cape-town-property-prices-have-exploded/*

Average prices in Observatory have increased significantly for houses and apartments (see Figure 5-2), despite a large number of new apartments becoming available through new developments.

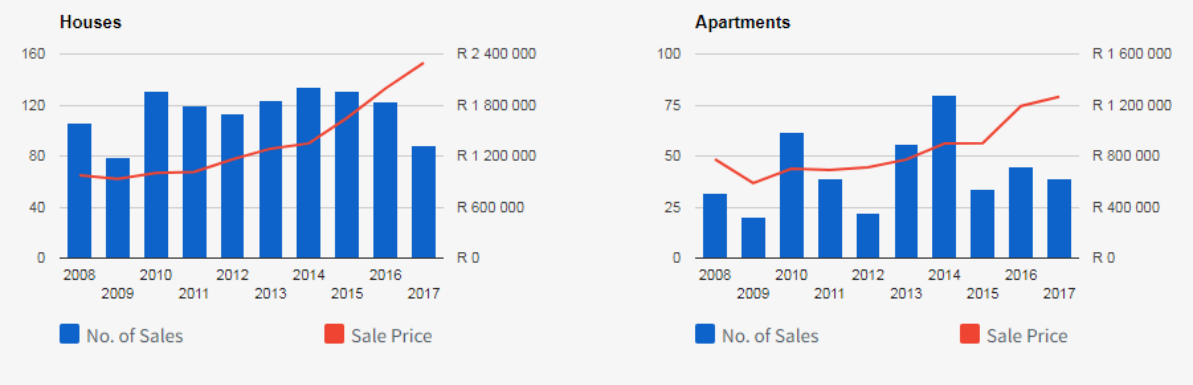


Figure 5-2: Sales trends for Observatory houses and apartments

Source: https://www.property24.com/cape-town/observatory/property-trends/10157

Several apartment blocks have been developed in Observatory in recent years, mainly along Main Road, but also near Black River Park (Figure 5-3). The five main developments recently completed or in development comprise a total of ~766 units[11]. Most of the apartments are aimed at the student market, with a focus on studio, 1-bedroom and 2-bedroom apartments, generally priced above R2 million. The developments form part of a densification strategy and lie within the Cape Town Urban Development Zone (UDZ) identified in 2013 (see Figure 5-3).

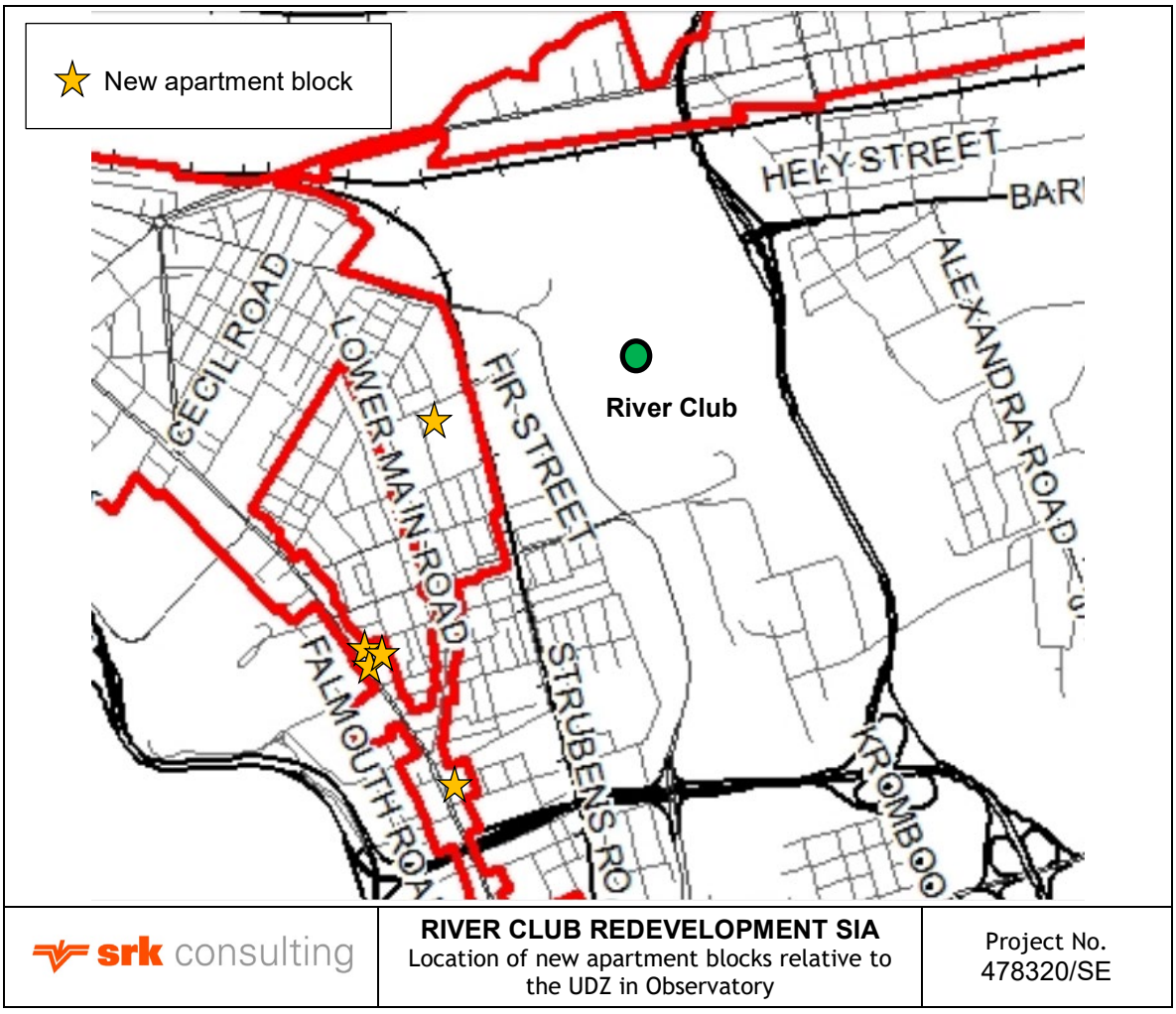


Figure 5-3: Location of new apartment blocks relative to the UDZ in Observatory

Source: various, http://resource.capetown.gov.za/documentcentre/Documents/Maps%20and%20statistics/Central%20CapeTown%20UDZ%20boundaries%20PDF.pdf

The provision of 600 additional units at the River Club thus meets an evident demand for more centrally located housing and is broadly congruent with general residential development trends in Observatory[12]. It would also assist with meeting some of the ever increasing demand for student housing in the area; students are currently experiencing significant difficulties in securing housing near UCT. The River Club would almost double the number of new residential apartment units in Observatory, significantly adding to housing opportunities available in this sought-after area.

[11] Apartment blocks recently developed or under development in Observatory include The Winchester (105 units), Obscourt (310 units), The Paragon (188 units) The Eden (75 units) and Madison Place (88 units).
[12] It is noted, though, that the River Club falls outside of the UDZ, and thus preferred areas for densification.

Approximately 120 units at the River Club will be inclusionary housing units. Traditionally, "affordable housing" refers to housing with prices or values below the overall open market value, which target below-average incomes. The CoCT recently defined affordable housing to target households with income of R3501 – R18 000 per month (CoCT, 2017a).

The CoCT notes that the need for affordable (including inclusionary) housing in Cape Town is significant, and estimates that approximately 650 000 families earning less than R13 000 a month will rely on the State for some kind of housing assistance by 2032 (CoCT, 2017a).

Recognising the importance of providing affordable housing in proximity to the city centre, the CoCT has recently identified 11 City-owned sites within 5 km of the CBD for development of ~4 000 affordable housing units. Five sites, accommodating ~half of the envisaged housing units, were made available for private development. Site A is located at Pickwick Road in Observatory (Site A)[13], some 1.5 km from the River Club, and earmarked to accommodate at least 600 social housing units. The Observatory area is thus clearly deemed desirable by the City for affordable housing. None of the other UDZ developments mentioned above includes affordable housing components, and the supply of affordable housing is thus limited in Observatory, particularly with the increase in general house prices in the area.

The provision of 120 inclusionary housing units at the River Club responds to demand for housing in the area. It is expected to make a small contribution to the provision of affordable housing in Cape Town.

The benefit is assessed to be of ***low*** significance. No optimisation is possible (Table 5-6).

Table 5-6: Significance of increase in centrally located housing, including inclusionary housing

Both alternatives								
Without mitigation	Local 1	Low 1	Long-term 3	**Low** **5**	Definite	**LOW**	+ve	High
Essential optimisation measures: • None.								
With mitigation	Local 1	Low 1	Long-term 3	**Low** **5**	Definite	**LOW**	+ve	High

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. No residential units would become available at the River Club. It is likely that densification will continue in Observatory over time, providing additional residential units at other private and possibly public developments.

5.2.4 Potential Impact SE6: Densification Facilitating Improved Connectivity, Transport Systems and TRUP Implementation

Improved Connectivity

At present, the River Club has little connectivity to surrounding areas due to natural and artificial movement barriers, including linear features (M5 motorway, Black River and Liesbeek River canal) and exclusive public land uses (e.g. the SAAO, Valkenberg Hospital and PRASA yard) (see Figure

[13] The other four sites are located closer to the CBD, in Woodstock (Site B: 700 units, Site C: 200 units and Site D: 300 units) and Zonnebloom (Site E: 50 units).

5-4). As the River Club is privately owned and commercially operated, there is also little connectivity through the River Club site.

As a result, the River Club and surrounding TRUP area effectively isolate areas to the east (Maitland / Pinelands) from those to the west (Observatory). Commuters between those areas have to use either Voortrekker Road to the north or the N2 to the south, located 2 km apart.

The River Club development is expected to catalyse improved linkages in the area through increased population density and demand for various forms of transport, improved security through formalised mixed-use development, landscaping and public presence and large-scale investment in (and commercial cross-subsidisation of) infrastructure and facilities.

As a direct result of the River Club development, public access and movement to and through the site, and integration into the TRUP and the surrounding communities, would be improved (see Figure 5-4) through providing:

- Quality public open spaces along the Liesbeek River canal as part of the development[14], facilitating NMT north-south movement along the canal into TRUP areas to the south; and
- A new road linkage through the extension of Berkley Road[15], facilitating motorised and NMT east-west movement across the Black River and connecting the site to TRUP areas to the east and the surrounding communities.

The River Club development could also catalyse an additional new NMT and public transport link between Station Road and Alexandra Road over the Black River, which was considered as part of the Two River Urban Park Draft Concept November 2016[16]; however, as this would not be a direct requirement for / component of the River Club development, the implementation of this link is uncertain at this stage.

Transport Systems

The CoCT has identified the River Club site as an “area-based intervention opportunity” in relation to the Voortrekker Road corridor, and TRUP as a “new development opportunity” within the sphere of influence of the Voortrekker Road corridor (Draft Cape Town MSDF: Technical Supplement F, in Planning Partners, 2017). As such, the site is located in a strategic position for city-wide transport systems.

The increase in demand for various forms of transport from residents, workers and visitors at the River Club, in combination with the improvement in infrastructure connections discussed above, is expected to enable improved private, public and non-motorised transport provision in and beyond the area.

[14] Inspired by Intaka Island at Century City, which transformed from a degraded, inaccessible and inhospitable environment to a thriving mixed-use precinct that has successfully integrated urban development with an ecologically sustainable environment (Planning Partners, 2017).

[15] The LLPT considers the extension of Berkeley Road to connect to the development as a necessary pre-condition for the River Club development, which will be implemented through a public-private partnership between the proponent and the City of Cape Town.

[16] https://www.westerncape.gov.za/files/161103_3_trup-park_9a_concept_jp_nm_0.pdf

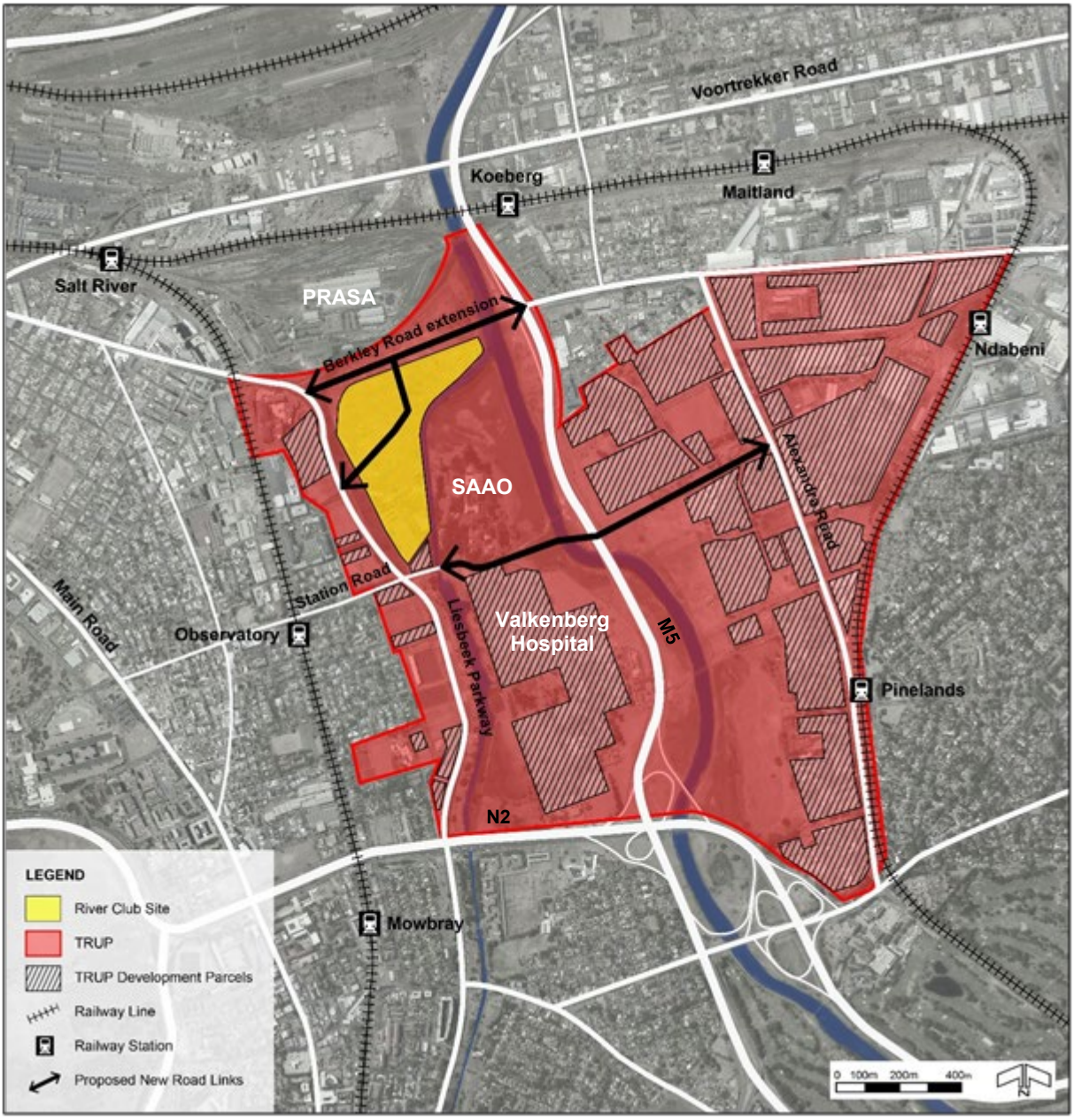


Figure 5-4: Location of the River Club site relative to TRUP and existing road linkages

Source: Planning Partners (2017)

TRUP Implementation

The TRUP is located at the confluence of the Black and Liesbeek Rivers and contains a range of historical and ecological features. The River Club is located in the north-western quadrant of TRUP (see Figure 5-4). Because of its location, environment and history, the CoCT and Western Cape Government (WCG) consider the TRUP area ideal for a mixed-use recreational, residential and commercial development that satisfies a variety of social and ecological needs (WCG, 2017). A key focus is on integrating the city by providing a range of affordable, social and market-related housing as well as recreational opportunities open to all. Approximately 120 ha of the 250 ha TRUP precinct have development potential, and the current vision anticipates that ~20 000 people will eventually live in the area (earthworks, 2017).

While under consideration for more than a decade, progress on the TRUP development has been slow. In recent years the project has again gained some momentum. TRUP was included as a World Design Capital 2014 project, and in January 2016 the CoCT and WCG signed a Memorandum of

Cooperation (MOC) with the Dutch Government to capitalise on its technical expertise for the TRUP Project.

Initial meetings between the River Club and TRUP project teams in 2016 indicate that, while there are differences relating to certain aspects of the TRUP and River Club proposals, the River Club development proposal is largely congruent with the vision of the TRUP project team for the site. By demonstrating the feasibility and attractiveness of development in this area, successful implementation of the River Club development consistent with the broader TRUP vision, could be the catalyst for the TRUP project. As the largest privately-owned greenfield site in TRUP, the River Club is well positioned to launch the TRUP project.

The probability of the high significance impact occurring has been rated as possible; while the River Club development can enable the opportunities discussed above, delivery will also depend on local and provincial government policies and initiatives, which are not within the mandate of LLPT.

The impact is assessed to be of ***medium*** significance. No optimisation is possible (Table 5-7).

Table 5-7: Significance of densification facilitating improved connectivity, transport systems and TRUP implementation

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Regional 2	Medium 2	Long-term 3	**High 7**	Possible	**MEDIUM**	+ve	Medium
Essential mitigation measures: • None.								
With mitigation	Regional 2	Medium 2	Long-term 3	**High 7**	Possible	**MEDIUM**	+ve	Medium

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. In this scenario, the development of TRUP, movement corridors and improved transport systems would be primarily driven by government.

5.2.5 Potential Impact SE7: Loss of Private Open Space and Creation of New Publicly Accessible Areas

The River Club is (currently) a private commercial recreational enterprise comprising a conference and function centre, golf facilities, restaurant and bar. The defining features of the River Club are the driving range and 9-hole “mashie” golf course. The club is accessible to the paying public.

As certain rules and restrictions apply to access to the fairways and greens, the private open space of the River Club serves a specific function and does not allow a range of open space uses (such as walking, running, playing or picnicking). The private open space at the River Club is thus largely used by golfers.

Loss of the golfing facilities would primarily affect the golfers currently using the site (although even without the proposed redevelopment, the retention of the [private] open space and golfing facilities is not assured).

Approximately 13 ha (including roads and bridges) of the development will be accessible to the public. This equates to 70% of the site (see Section 3.2). Open space facilities will include high-quality landscaped areas, pathways, lawns, river walks and rehabilitated watercourses (see Footnote 14). Open spaces are primarily located between Precincts 1 and 2, along the Liesbeek canal and Liesbeek

Parkway, from where they can be accessed by residents, workers and visitors as well as residents in Observatory and Maitland (via Berkeley Road extension).

The high-quality open space provided by the River Club development will be accessible to a wider public, compared to the current situation. The provision of new high-quality public open space, at the expense of the private open space utilised for golfing, is considered to represent a net social benefit.

The impact is assessed to be of ***medium*** significance. No optimisation is possible (Table 5-8).

Table 5-8: Significance of loss of private open space and creation of new publicly accessible open space

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Local 1	Medium 2	Long-term 3	**Medium 6**	Probable	**MEDIUM**	+ve	High
Essential mitigation measures: • None.								
With mitigation	Local 1	Medium 2	Long-term 3	**Medium 6**	Probable	**MEDIUM**	+ve	High

No-Go Alternative

The No-Go Alternative entails no change to the status quo, and the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the operator to do so. In this scenario, access to the private open space will remain largely restricted to golfers utilising the driving range or mashie golf course.

5.2.6 Potential Impact SE8: Increase in Property Values in Surrounding Areas

The potential impact of the River Club development on the value of surrounding properties is multi-faceted and subject to a number of considerations. On the one hand, a perceived reduction in the quality of life and an increase in the supply of housing could reduce property prices. On the other hand, an increase in the attractiveness of the area through provision of a vibrant urban node may lead to an increase in investor interest in the area and the value of surrounding properties.

The following factors limit any downside potential of the River Club development on property prices:

- The River Club development is spatially separated from the existing suburbs by major roads and watercourses, and does not directly affect the fabric of the existing neighbouring suburbs;
- The River Club development incorporates residential (and office) units similar to those in other parts within Observatory;
- The demand for housing units in Observatory appears to be robust, as evidenced by the rapid sale of units in recently developed apartment blocks in Observatory, and the additional 600 units are unlikely to saturate the market;
- Transformation of areas within Observatory has been ongoing for some time, e.g. through the construction of several apartment blocks in Observatory, identification of an UDZ in Observatory and designation of a site for affordable housing provision. As these activities are located within, rather than next to, the core residential area of Observatory, it is expected that they will have a more significant influence on property prices (if any) than the River Club development; and
- Property values in Observatory have been rising faster than average City rates for some years, owing to the desirable location near central Cape Town (see Section 5.2.3).

On balance, the River Club development has the potential to contribute to further increases in surrounding property values, due to the provision of a new node with quality accommodation, office space, facilities, job opportunities and open space in a central location. Similar developments in Cape Town (such as Century City, Tyger Valley and the Waterfront precinct) have delivered increases in the value of surrounding properties.

The benefit is assessed to be of ***low*** significance. No optimisation is possible (Table 5-9).

Table 5-9: Significance of increase in property values in the surrounding area

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Local 1	Low 1	Long-term 3	**Low** **5**	Probable	**LOW**	+ve	Low
Essential mitigation measures: • None.								
With mitigation	Local 1	Low 1	Long-term 3	**Low** **5**	Probable	**LOW**	+ve	Low

No-Go Alternative

The No-Go Alternative entails no change to the status quo, i.e. the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially viable.

Observatory is expected to further develop and densify in coming years, owing to a demand for centrally located housing and its proximity to UCT, increasing demand for student housing. Depending on the nature of such developments, as well as factors such as economic growth, population growth and governance, property prices are likely to continue increasing in Observatory.

5.2.7 Potential Impact SE9: Gentrification in Surrounding Residential Areas

Gentrification refers to the process of renovation of derelict (inner city) urban neighbourhoods by means of or resulting in the influx of more affluent residents, thereby displacing lower-income households / communities and small businesses, unable to afford higher rents and property prices / rates. The low-income former residents often have few means of relocating to nearby areas and are forced to move further away from their places of community, work or schooling, and into less desirable areas.

Areas and communities particularly at risk of and from gentrification are those:

- In well-located but derelict areas, which results in lower property / rental prices compared to surrounding areas;
- With a high proportion of long-term, low-income tenants, who do not benefit from an increase in property values and cannot afford higher rents in their traditional area of residence and community; and
- Where housing stock is owned by few individuals (or public authorities), so that development / renovation, and eviction, can proceed at a faster rate.

The above aspects are mostly not characteristic of Observatory, which is a middle- to high-income suburb, providing opportunities for middle-income households that might have been unable to afford houses in other centrally located but more affluent suburbs: while “quaint”, Observatory cannot be described as derelict. Some 41% of residents in Observatory owned their house in 2011, while 56% rented their dwelling (see Table 5-10), often from individual owners. Rental prices target middle- to high-income households (see Table 5-11) and are on par with those in other centrally located middle-

to high-income suburbs. In general, Observatory is at lower risk of gentrification and associated impacts than, for example, neighbouring suburbs such as Woodstock, Salt River or Oude Molen.

Table 5-10: Tenure status in Observatory (2011)

Tenure status	Households	% of households
Owned	1 256	41%
Rented	1 728	56%
Other	77	3%
Total	**3 061**	

Source: http://resource.capetown.gov.za/documentcentre/Documents/Maps%20and%20statistics/2011_Census_CT_Suburb_Observatory_Profile.pdf

Table 5-11: Average rental prices in Observatory

Housing type	Average monthly rent	Average bedrooms
Houses	R15 500	3
Apartments	R14 000	2

Source: https://www.privateproperty.co.za/to-rent/western-cape/cape-town/cape-town-city-bowl/observatory/1098

As noted in Section 5.2.6, the River Club is expected to contribute to an existing trend of increasing property prices in Observatory by making the area more attractive. This could affect property owners positively, as their property values increase. It could also have a negative effect on property owners who cannot afford higher property rates, and tenants who cannot afford higher rents. These will eventually leave the area, leading to some gentrification. The extent and impacts of gentrification in Observatory are partly mitigated by the fact that middle- to high-income residents have resources that allow them to support some price increases or to relocate elsewhere.

Poorer neighbouring suburbs, such as Woodstock, Salt River or Oude Molen, are at higher risk of gentrification and associated impacts on residents. However, these suburbs are also more distant and detached / isolated from the River Club site. Property and rental prices in these suburbs are more directly influenced by developments and trends within or closer to the suburbs. Nevertheless, over time and in combination with other urban renewal projects in the wider area, the River Club may well contribute to further gentrification in poorer neighbouring suburbs, which would also affect local independent retail stores in Salt River, Woodstock, Maitland.

As noted above, gentrification can have both positive and negative effects; this study adopts a conservative approach by emphasising any adverse effects.

The impact is assessed to be of ***low*** significance. No mitigation (by the River Club development) is possible (Table 5-9).

Table 5-12: Significance of gentrification in surrounding residential areas

	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Both alternatives								
Without mitigation	Local 1	Low 1	Long-term 3	**Low** **5**	Probable	**LOW**	-ve	Low
Essential mitigation measures: • None.								
With mitigation	Local 1	Low 1	Long-term 3	**Low** **5**	Probable	**LOW**	-ve	Low

No-Go Alternative

The No-Go Alternative entails no change to the status quo, i.e. the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the developer to do so.

Observatory is expected to further develop and densify in coming years, owing to a demand for centrally located housing, the popularity of the suburb and its location close to UCT facilities, generating high demand for housing from students. Depending on the nature of such developments, the local community fabric may (continue) changing over time.

5.2.8 Potential Impact SE10: Change in the Quality of Life in the Area

The River Club is most closely associated with the suburb of Observatory, as other suburbs to the east, north and south are separated from the River Club site by major highways. Historically, Observatory is a residential suburb, particularly popular with students and artists and known for a bohemian character.

At the site scale, the River Club development presents a significant departure from the current sense of place. At the suburban scale, the office and high-density residential components of the River Club development represent a further, though less pronounced, departure from the current predominantly residential nature of Observatory.

Observatory has experienced an increase in high-density residential and commercial development in recent years. This trend has occurred independently of the proposed River Club development, and includes the establishment of a number of apartment blocks (see Section 5.2.3) and business parks in the area.

Apartment blocks are primarily located along Main Road, though the largest block is positioned on the eastern side of Observatory, near the River Club (see Figure 5-3). Business Parks established adjacent to the River Club in recent years include the Black River Park (75 000 m^2 floor area) in Observatory and the M5 Business Park and M5 Freeway Park east of the M5 (see Figure 5-5).

Aspects associated with the River Club development, such as higher-density mixed uses including offices, apartments and retail, are thus no longer inconsistent with the characteristics in the wider area, and are aligned with the City's urban development policies. The River Club development proposal has been enabled to some degree by the ongoing densification in the area. The development will, however, represent a larger and more compact departure from the historic character of the area, on a larger site.

The development does not include incompatible activities (such as industrial activities) that would definitely lower quality of life in the area. Rather, the project will increase 'busy-ness' in the area, create a (vibrant) urban node and accessible higher-quality open space system. The net impact of the above elements on quality of life in the area, and whether this is perceived as positive or negative, will depend on personal values and preferences and likely differ for residents in the area.

As such, while the River Club is expected to have an impact on the perceived quality of life in the area, this impact is not formally rated.

srk consulting	**RIVER CLUB REDEVELOPMENT SIA** Location of business parks adjacent to the River Club	Project No. 478320/SE

Figure 5-5: Location of business parks adjacent to the River Club

No-Go Alternative

The No-Go Alternative entails no change to the status quo, i.e. the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially feasible for the developer to do so. Based on existing trends it is likely that densification will continue in Observatory over time, with a concomitant change in the overall sense of place and quality of life in the area.

5.2.9 Potential Impact SE11: Pressure on Service Provision

The River Club development will attract and concentrate residents, workers and visitors to the area, with an associated increase in the demand for services such as water, electricity, sewage and refuse removal. The prospective ~1 200 residents at the River Club development would increase the population of Observatory by ~12%, while the number of office workers in the area could double (based on the estimated floor area of surrounding business parks).

The CoCT has advised that the present capacity of the electricity transmission infrastructure is inadequate to supply the River Club development. As such, upgrades to the infrastructure will be required and expenses recouped through service charges. This is standard practice for development in urban areas. Expansion of service capacity beyond the requirements of the River Club could facilitate future development (e.g. of TRUP).

Service infrastructure should be expanded prior to completion of the River Club development, in line with good planning practices, and expenses recouped over time. As such, there is no socio-economic impact, and this impact is not formally rated.

5.3 Cumulative Impacts

5.3.1 Introduction

For the purposes of this report, cumulative impacts are defined as 'direct and indirect impacts that act together with existing or future potential impacts of other activities or proposed activities in the area / region that affect the same resources and / or receptors'.

For the most part, cumulative effects or aspects thereof are too uncertain to be quantifiable, due mainly to a lack of data availability and accuracy. This is particularly true of cumulative effects arising from potential or future projects, the design or details of which may not be finalised or available and the direct and indirect impacts of which have not yet been assessed.

For practical reasons, the identification and management of cumulative impacts are limited to those effects generally recognised as important on the basis of scientific concerns and/or concerns of affected communities.

5.3.2 Cumulative Impacts Analysis

In addition to the project, other past, present and future activities that might have caused or may cause impacts and may interact with impacts caused by the project are briefly discussed below:

- **Cumulative impacts of past and existing activities:**

  Observatory has experienced an increase in high-density development in recent years, including the development of apartment blocks and business parks in the greater area (see Section 5.2.8). Due to increasing demand for centrally located housing and strong price growth in the CBD and Atlantic Seaboard, interest has shifted to areas beyond but close to the CBD, and property prices have increased significantly in Observatory in recent years (see Section 5.2.6). However, the existing trends are largely taken into account in the baseline and impact assessment provided in Section 5.2.

- **Potential cumulative impacts of planned and foreseen activities:**

  A number of projects planned in the areas adjacent to the River Club would lead to cumulative impacts, including:

  - The implementation of the (remainder of the) TRUP development is likely to increase the impacts and further enhance the benefits identified for the River Club Development. Further expansion of infrastructure and services capacity, beyond what is required for the River Club development, will likely be needed for the implementation of TRUP; and
  - Based on existing trends it is likely that densification will continue in Observatory (and other surrounding areas) over time. This will reinforce and intensify the current changes in the area, notably mixed use development, higher property prices and gentrification over time.

  No other significant projects are currently known to be in advanced planning for the area affected by the River Club development.

The River Club development is a large development and expected to intensify and accelerate existing development trends in the area, especially if it acts as a catalyst for the development of remaining TRUP areas.

6 Findings and Conclusion

This chapter presents the principal findings and conclusions with regards to the socioeconomic impacts of the proposed River Club development.

6.1 Findings

The following findings are pertinent:

- The River Club site is currently used as a commercial recreational enterprise including golf facilities and conference venue.
- The LLPT is proposing to redevelop ~21 ha of the River Club property and portions of adjacent properties for limited retail, commercial, residential, institutional and associated uses. Two similar layout alternatives are under consideration.
- The River Club will comprise approximately 150 000 m² floor area of mixed-use development, including ~16 000 m^2 retail space, ~80 000 m^2 office space, ~30 000 m^2 residential space (including ~6 000 m^2 inclusionary housing) and ~24 000 m^2 for hotel, community and institutional uses. The development will include ~9.3 ha of high-quality (hard and soft) public open space, including rehabilitation of watercourses.
- The River Club site is in a strategic location at the intersection of two motorways (M5 and N2) and main arteries (Liesbeek Parkway and Voortrekker Road), less than 5 km from the Cape Town CBD and 15 km from the Cape Town International Airport. The site also forms part of the TRUP, earmarked by local and provincial government for the development of an integrated and inclusionary mixed-use area.
- The River Club development delivers significant socioeconomic benefits in the form of investment in the economy, increase in employment and increase in government revenue, as well as provision of publicly accessible open space and commercial cross-subsidisation of public infrastructure and providing critical mass for and catalysing further infrastructure provision and implementation of TRUP. The development will also provide additional inclusionary housing and contribute further to a trend of rising property prices by increasing investor interest in the area.
- Negative socioeconomic impacts are primarily associated with the flipside of rising property prices, which can lead to gentrification. Observatory is more exposed but less vulnerable to gentrification due to the River Club development, whereas poorer neighbouring suburbs such as Woodstock, Salt River and Oude Molen are more vulnerable but less exposed to the development.
- The project will increase ‘busy-ness’ in the area, create a (vibrant) urban node and accessible higher-quality save open space system. The net impact of the above elements on quality of life in the area, and whether this is perceived as positive or negative, will depend on personal values and preferences and likely differ for residents in the area.
- Socioeconomic impacts are not materially different for the two layout alternatives.
- The CoCT has advised that electricity transmission infrastructure must be expanded for the River Club development. Such expansions are characteristic of development in urban areas, and costs are typically recouped through service charges over time.
- The No-Go alternative implies that the River Club will continue to be operated as a commercial recreation and conference facility, provided it remains financially viable. Certain trends identified in the study, such as densification and an increase mixed-use development and property prices will continue without the River Club development, albeit at a slower pace.

- The River Club development is a large development and, cumulatively, expected to intensify and accelerate existing development trends in the area, especially if it acts as a catalyst for the development of remaining TRUP areas.

Table 6-1 summarises the potentially significant socioeconomic impacts and their significance ratings before and after application of mitigation and/or optimisation measures.

Table 6-1: Summary of impacts and mitigation / optimisation measures

ID #	Impact	Significance rating		Preferred Layout Alternative	Key mitigation/optimisation measures
		Before mitigation/ optimisation	After mitigation/ optimisation		
CONSTRUCTION PHASE IMPACTS					
SE1	Investment in the economy creating wealth	High	High	n/a	• Procure goods and services from local, provincial or South African suppliers as far as possible, with an emphasis on Black Economic Empowerment (BEE) suppliers where possible.
SE2	Increased employment, income and skills development	Medium	Medium	n/a	• Utilise local labour as much as possible. • Where non-local specialist staff is required, implement a training programme to upskill local labour.
OPERATIONAL PHASE IMPACTS					
SE3	Increased employment, income and skills development	Medium	Medium	n/a	• Utilise local labour as much as possible. • Where non-local specialist staff is required, implement a training programme to upskill local labour.
SE4	Increased government revenue	Medium	Medium	n/a	• None
SE5	Increase in centrally located housing, including inclusionary housing	Low	Low	n/a	• None
SE6	Densification facilitating improved connectivity, transport systems and TRUP implementation	Medium	Medium	n/a	• None
SE7	Loss of private open space and creation of new publicly accessible open space	Medium	Medium	n/a	• None

ID #	Impact	Significance rating		Preferred Layout Alternative	Key mitigation/optimisation measures
		Before mitigation/ optimisation	After mitigation/ optimisation		
SE8	Increase in property values in surrounding areas	Low	Low	n/a	• n/a
SE9	Gentrification in surrounding residential areas	Low	Low	n/a	• n/a
SE10	Change in the quality of life in the area	*Not rated*	*Not rated*	n/a	• n/a
SE11	Pressure on service provision	*Not rated*	*Not rated*	n/a	• n/a

6.2 Conclusion

The River Club development provides a number of key socioeconomic benefits, notably increased investment, employment, State revenue and provision of housing at a regional scale, and access to open space and increase in property values at a local scale. Potential adverse impacts are primarily associated with (limited) gentrification as a result of rising property prices, assuming the River Club development will increase attractiveness of and investor interest in the area.

The River Club development is expected to intensify and accelerate existing development trends in the area, especially if it acts as a catalyst for the development of TRUP. Densification and an increase mixed-use development and property prices will continue without the River Club development, albeit at a slower pace.

The nature of certain impacts, such as how the River Club development affects quality of life of surrounding residents, will depend on personal values and preferences.

The proposed project is aligned with general CoCT urban development policies and largely consistent with prevailing surrounding land use, though it does require a change in land use on the project site and does not fully align with current planning frameworks for the area.

On balance, the socioeconomic benefits of the River Club development to the local and wider Cape Town community are predicted to significantly outweigh negative socioeconomic impacts.

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Project Reviewer

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendices

Appendix A: CV

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