

# Urban Country Estate

## Socio-Economic impact assessment

### 1. Introduction:

This section provides an understanding of the potential socio-economic impact of the proposed Urban Country Estate. Economic impact refers to the change in economic activity in a given area due to external intervention. In this case, the focus is on the local impact on the George Municipality economy. The economic impact is measured by the capital investment from both the developer and the private sector. The analysis covers the expected changes in the George Municipal economy and community, using several measures:

- **Employment impact:** Refers to the number of jobs created or lost due to changes in local economic growth. This is a widely used measure because it is easier to grasp than large abstract figures.
- **Value Added (GGP equivalent):** Reflects the total income effect, including wage income and corporate profit generated in George.
- **Household income:** Impact results from increased wages or additional workers being hired.
- **Business Output:** The broadest measure of economic activity, covering business revenue used to pay for materials, labour, and profits.
- **Population Impact:** Potential increase in residents, including marginalized communities.
- **Net Economic Impact:** The overall expansion or contraction of the economy, driven by changes like the opening or closing of a facility or project.

Quantifiable impacts include:

- **Direct impact:** Derived from macroeconomic aggregates directly resulting from the project, such as GDP.
- **Indirect impact:** Results from supplier activities providing goods and services to the project.
- **Induced impacts:** Generated by the increased demand for goods and services, including employee and shareholder income, as well as backward linkages in the economy.

### 2. Development proposal

70 Group housing erven

1 Erf for apartments

7 Private open spaces

1 Private road

The Development will provide 110 medium to high density residential opportunities ( 70 Group housing and 40 apartments ).

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### 3. Economic impact definition

**Economic impact** refers to the effect that an event, policy, project, or change has on the economy of a specific area, industry, or population. This impact can be positive or negative and can affect various economic variables such as employment, income, business activity, productivity, tax revenue, and overall economic growth.

#### Key Components of Economic Impact:

1. **Direct Impact:** This includes the immediate economic effects of an action, such as jobs created by a new business or the revenue generated by a specific project.
2. **Indirect Impact:** These are the secondary effects that occur as a result of the initial economic activity, such as the increased demand for goods and services from suppliers.
3. **Induced Impact:** This refers to the further economic effects generated by the spending of income earned as a result of direct and indirect impacts, such as employees spending their wages in the local economy.
4. **Multiplier Effect:** The overall economic impact can be greater than the initial expenditure or action due to the ripple effects throughout the economy. This is known as the multiplier effect.

#### Types of Economic Impact:

- **Positive Economic Impact:** Examples include job creation, increased local investment, higher consumer spending, and improved public revenues.
- **Negative Economic Impact:** This could involve job losses, decreased local spending, reduced tax revenue, or other adverse effects such as increased public costs (e.g., for environmental clean-up or social services). Refer to Town planning Report Annexure A

Economic impact analysis is often used to assess the potential or actual effects of various actions, such as government policies, infrastructure projects, major events (like the Olympics), or investments in specific industries or sectors.

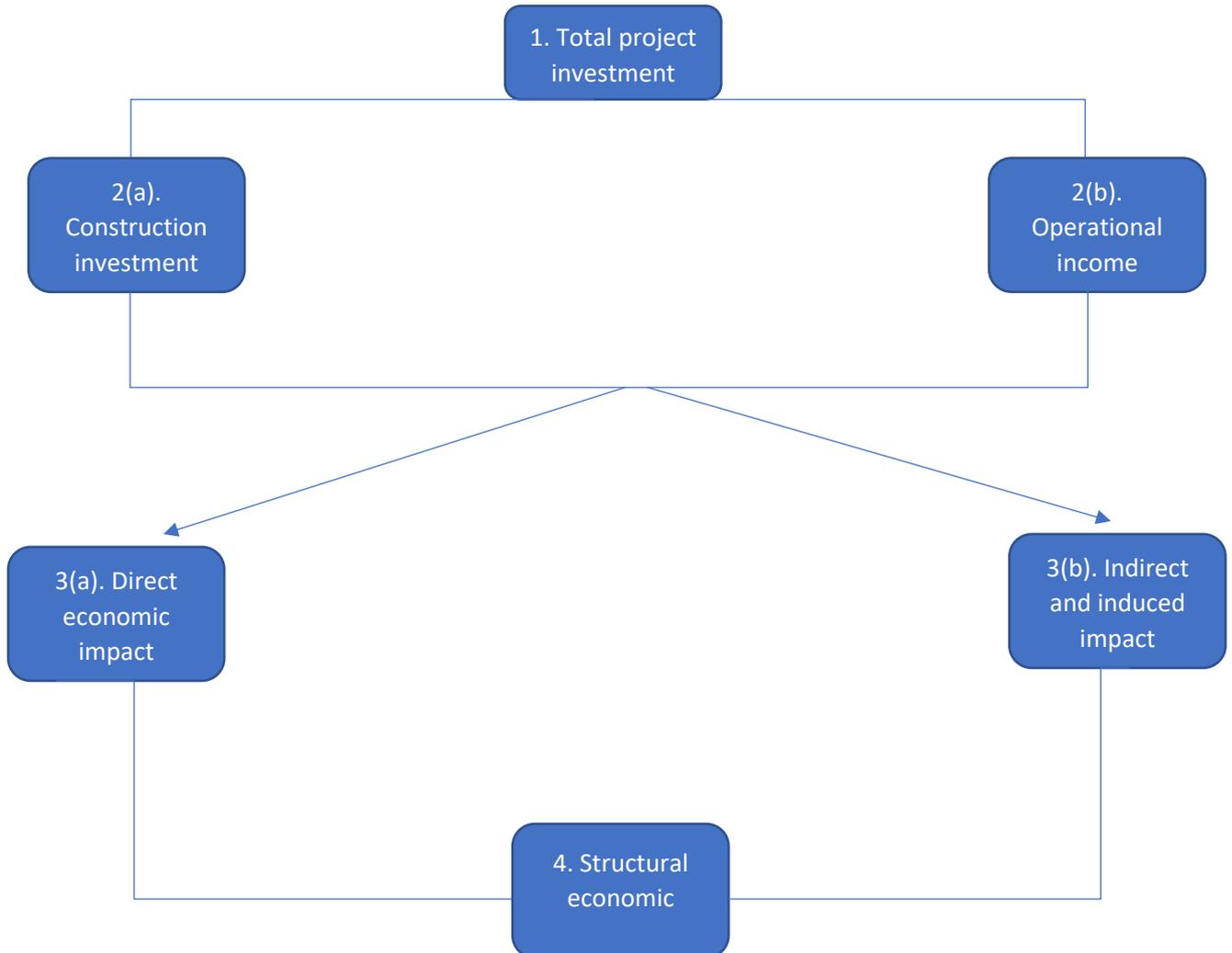
### 4. Modeling economic impact:

Modelling the **economic impact of Urban Country Estate development** using a **cause-and-effect approach** involves tracing the direct, indirect, and induced impacts of the project on the local economy. By analysing the relationships between the development's inputs (e.g., investment in construction) and the outcomes (e.g., job creation, increased local spending), one can estimate the overall effect on the region's economy.

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### Urban Country Estate's Cause and effect illustration



The economic cause-effect relationships resulting from the Urban Country Estate Development:

1. The investment related to the Residential Development results in the stimulation of:

- Construction spending.
- The creation of operational income in the form of government revenue (e.g. Service charges, rates and taxes)

2. The stimulation of these economic activities will result in various direct and indirect economic impacts.

3. These direct and indirect economic impacts will result in economic structural changes in the regional economy.

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### 5. Quantifying Direct and Indirect Economic impact

The following paragraphs will address and highlight the Direct, Indirect and Induced impacts of the Urban Country Estate Residential Development.

### 6. CAPEX (Capital expenditure)

A capital injection (CAPEX) will be projected for each of the development activities. These include direct and indirect economic impacts. The construction of the Urban Country Estate Residential Development will have the following estimated impacts on the economy in the study area:

- Additional new business sales
- Additional employment (direct and indirect) The total capital turn-over in the construction phase of the Urban Country Estate Residential Development is estimated at R 276 000 000. excl

#### Additional new business sales

The construction of the Urban Country Estate Residential Development will lead to the expansion of business sales for existing business located within the area. For example, materials used in construction such as Pipes, cabling, bricks, concrete, Aluminium windows and doors, roof sheeting, sanitary ware etc. will all be purchased, as well as services such as Town planners, land surveyors, lawyers, real estate agents, engineers, plumbers, electricians etc. These changes will be measured in terms of new business sales, i.e. new sales that will be generated in the economy as a direct result of the capital investment in the development. Business sales will be generated because of capital investment by the developer for each of the development activities which is said to take place as mentioned above

#### Additional employment

Constructing the proposed Urban Country Estate Residential Development will result in the creation of direct jobs for the construction of various facilities. Indirect jobs will also be created in industries that provide goods, materials, and services. For example, an increased demand for goods used in the construction sector will arise from businesses and industries related to construction. This could lead to more jobs being created in these businesses to increase their output. The number of jobs created during the development phase, due to the capital investment by the developers of the Urban Country Estate Residential Development, is

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### 7. Summary of Estimated capital expenditure – Construction phase

This section provides a summary of the impact during the construction phase (capital expenditure) of the development.

TOTAL PROJECT DEVELOPMENT COST (INCLUDING VAT) R 317 283 000

- Housing Development Turnover R 177 283 000
- Apartment Development Turnover R 82 000 000

TOTAL LOCAL MATERIAL AND LABOUR RESOURCES (INCLUDING VAT) R 158 641 500.

Refer to Appendix A for further detail.

### 8. Operational expenditures

It is generally understood that after the construction of a development or facility, ongoing economic impacts (expenditure and output) will occur once economic activities on site commence. This expenditure expands markets for goods and services, increases the labour market, and acts as an impetus for new commercial development.

market demand in the affected sectors. It is estimated that the Urban Country Estate Residential Development will generate this demand over several years. The demand will be operational, as well as direct, indirect, and induced.

The ongoing impacts can be measured by new business output in the area (turnover), additional employment, and the resulting increase in GGP contribution. The calculated impact will indicate the potential

The employment opportunities, which will be generated will be permanent jobs in the following categories:

- Management
- Professional
- Sales and Marketing
- Technical
- Administrative
- Maintenance

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Municipal Rates and Taxes Municipalities are responsible for providing basic services to everyone living inside their jurisdiction. These services include:

- Water supply
- Sewerage management
- Refuse removal.
- Electrical supply
- Building and maintaining infrastructure
- Storm water drainage
- Street lighting
- Municipal parks and recreation.

In order to provide these services, the Municipality charges residents service charges, rates and levies. There are different kinds of rates, including:

- Property Rates
- Water
- Electricity
- Sewage
- Refuse removal

### Water supply

Water will be supplied by the municipality and water meters will be installed. Home owners will be responsible for their water accounts. Sectional title holders will have shared water bills managed by the HOA.

### Electrical supply

The electricity will be supplied by the Local Municipality. Each individual house will have a pre-paid meter installed.

### Property rates

Property rates are:

- Taxes on the ownership of property (land and buildings)
- Based on the market value of the property
- Funds are used for various services provided by municipalities.

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Property rates are paid by owners of all types of real property, including commercial, industrial, residential, agricultural, and government properties. Property rates are based on the municipal value of a property, which is set, collected, and used locally. This means that charges vary from area to area, and the money collected is spent within that municipal area. The municipal value of a property is calculated by considering its market value, which includes both the land and improvements. The Residential Development will increase the total rates and levies paid to the local municipality, thereby increasing the direct income of the local government.

### 9. Estimated operating expenditure – Operational phase

Potential Rates and Taxes per average household:

Houses – R1200 (Average per house hold)

Apartments – R900 (Average per house hold)

70 X R1200 = R84 000

40 X R900 = R36 000

Potential municipal income per month R120 000

Potential municipal income per annum R 1 440 000

Potential service charges ( Electricity, Rates and taxes)

Houses – R3400 (Average per house hold)

Apartments – R2400 (Average per house hold)

70 X R3400 = R238 000

40 X R2380 = R95 200

Potential municipal income per month R 333 200

Potential municipal income per annum R 1 380 400

Average disposable income per house hold – R 18 000

110 New house holds X R 18000 = R 1 980 000 potential income per month injected into George economy.

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### 10. Spatial consideration

The site is inside the urban edge of the George Spatial Development Framework (GSDF). Its subdivision for residential development furthermore complies with the applicable policies and policy guidelines in the GSDF. The spatial principles providing the framework for decision making are briefly listed below together with their applicability to the proposal concerned duly classified under subheadings for principle compliance criteria.

#### SPATIAL PLANNING INFORMANTS

##### 4.2 WESTERN CAPE PROVINCIAL SPATIAL DEVELOPMENT FRAMEWORK (PSDF) (2014)

The PSDF aims to restructure the urban and rural landscape of the Western Cape to offer socioeconomic opportunities for all. The proposed rezoning and subdivision of The Property can be seen as an opportunity to create additional residential opportunities within the urban edge of George and to limit sprawl into the rural areas surrounding the city. Due to previous deforestation activities, most vegetation and trees on The Property has already been cleared. The proposed rezoning and subdivision cannot negatively affect any coastal landscapes as it is located on the northern boundary of the George urban edge, far away from the coast. Thus, this application is found not to be in conflict with the PSDF.

##### GEORGE MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK (GMSDF) (2019)

The Property is not addressed specifically in the GMSDF. The Property borders two established residential neighbourhoods. Currently The Property is vacant and therefore underutilised considering its location is within the urban edge. Rezoning and subdividing The Property to develop 70 group housing erven and 40 Apartments adheres to the following policies in the MSDF:

Policy C:
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Maintain a compact settlement form to achieve better efficiency in service delivery and resource use, and to facilitate inclusion and integration.
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Policy C2: Restructure settlement patterns through infill development of vacant and underutilised land in the settlements in the George Municipal Area.

- The proposed rezoning & subdivision will promote densification and targets strategically located vacant land for infill urban development.

- The Property is located right between two residential neighbourhoods, Blanco and Heatherlands and is part of Heather Park. Blanco is characterised by smaller erven (mostly ranging between 300m<sup>2</sup> and 600m<sup>2</sup>) and Heatherlands is characterised by larger properties (around 1000m<sup>2</sup>). The average property size in Heather Park is 800m<sup>2</sup> with the proposed subdivision to provide residential properties between 400m<sup>2</sup> and 600m<sup>2</sup>.

Policy D
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Manage the use of land in the Municipal area in a manner which protects natural ecosystem functioning and values ecosystem services, respecting that these are assets that underpin the economy and settlement and their resilience.
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Policy D1: Support and maintain the functionality of biodiversity areas.

- The watercourse buffer and CBAs on the western section of The Property are all taken into

consideration and will remain intact to ensure that the natural corridor remains continuous by designating the section as an open space within the development.

Policy D2: Manage development along the coastline and wetlands in a sustainable and precautionary manner, no further development should take place seaward of the Coastal Management Line (setback line) as demarcated in this MSDF and delineated by the Protected Areas, sensitive biodiversity in terms of the Western Cape Biodiversity Spatial Plan, 2017).

New land use developments will be subject to ecological setbacks along the coast and around freshwater systems to maintain the economic and ecological functioning of marine and other aquatic ecosystems

- Ecological setbacks (environmental barriers) for The Property are demarcated CBAs and a 32m buffer from the Malgas River.

- The proposed subdivision plan compensates for both ecological setbacks by designating a large open space in the western section of The Property.

- Instead of 32m, the open space section will ensure that the nearest development to the watercourse will be ±85m away.

Policy E
Safeguard the municipality's farming and forestry areas as productive landscapes, equal in value to urban land.

- It is believed that The Property was used for log and wood harvesting. Under this assumption, it is seen that The Property is currently vacant with mostly grassed vegetation.

- The Property is inside the urban edge and is therefore also seen as a promising opportunity to limit urban sprawl through infill development.

This land use application and the nature thereof is found to be consistent with the GMSDF as required

in terms of Section 19 of the Land Use Planning Act, 2014 (LUPA).

## 11. Residential market and supply in George

The George SDF (2023), together with a Housing Market Study (2022) conducted by the WC DEA&DP, contains several findings about the residential supply and demand in George. These findings provide important guidance for decision-making in the residential market.

- The GSDf promotes a compact city with limited outward expansion. It encourages infill and the use of latent development rights to prevent urban sprawl and underutilized land within city boundaries. Policy Guideline D1 states that all market segments must be catered to, including high-end and luxury markets, which should be accommodated on infill sites in mixed typologies.
- Policy Guideline D5 acknowledges the importance of functional property markets. The Housing Market Study reflects a preference for estate living within the luxury market.

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- The George Municipality's population is projected to grow by 16% by 2035, from 210,000 / 221,550 (lower/upper estimate) in 2021 to 245,850 / 258,304 in 2035.
- Over the past five to eight years, there has been a significant increase in the construction of dwellings in the upper price bracket segment of the market, particularly in estates—an indicator of market trends and demand, supported by the trend of semigration of higher-income groups to the Southern Cape.
- Sufficient area is available in the City Area to absorb 82% - 90% of the formal demand for residential units (backlog and growth) over the next 10 years at graded densities that support a compact city.
- An analysis of Deeds Office data shows that 27% of freehold properties transacted at over R1.2 million, of which 97% are in estates.
- The rate of increase in the uptake of medium- and higher-income, bonded units indicates growing demand, meaning investment from elsewhere.
- The above policies and market research confirm that the proposed supply of residential erven and units will meet the demand for these targeted market segments in the town. It is observed that buyers in these segments are significant economic contributors, being professionals, business entrepreneurs, investors, and those in managerial positions.

## **12. Conclusion**

Erven 6156, 6179, and Erven 19372 & 19373 George (unregistered portions of Remainder Erf 6182 George) are located within the urban edge and an intensification area, as shown in the George Municipal Spatial Development Framework (2019).

Therefore, this proposed land-use application for the subject erven is consistent with all relevant considerations as prescribed by planning legislation. It does not conflict with the overall spatial objectives for the area. It also takes neighbouring properties into account and is expected to enhance the character of the area.

The economic impact assessment demonstrates that the Urban Country Estate Residential Development will contribute to the local economy of George Municipality in the following ways:

- A new injection of funds during the construction phase, with an additional monthly injection during the commercialization phase of the proposed development.
- The unemployment rate will decrease, as an additional 410 jobs will be created during the construction phase (4-5 years), and 36 permanent job opportunities will be created during the commercialization phase.

While the job opportunities during the construction phase will be temporary, the jobs created during the commercialization phase will be permanent.

In addition, the assessment shows that the proposed residential development:

- Will positively impact the property market in the targeted segments.
- Complies with the planning principles of SPLUMA. **Refer to Annexure A**
- Will attract new residents to George with economic skills that will contribute to the local economy and job creation.

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## Direct Projected Socio-Economic Impact on Local economy.

### Apendix A

#### 1. Analysis Summary

1.1	TOTAL PROJECT COST (EX VAT)		R269 690 550
1.2	TOTAL PROJECT EXPENDITURE OUT OF LOCAL MATERIAL AND LABOUR RESOURCES (EX VAT)		R212 333 043
1.3	TOTAL DIRECT JOBS CREATED BY CIVIL CONSTRUCTION (DURATION 8 MONTHS)	Monthly total	R7 801 600
1.4	TOTAL DIRECT JOBS CREATED BY HOUSING CONSTRUCTION (DURATION 40 MONTHS)	Monthly total	R37 000 000
1.5	TOTAL PERMANENT JOBS CREATED IN OPERATIONAL		6

#### 2. Projected Project Cost

2.1	Site Development including Common Areas, etc	R58 000 000
2.2	Development of 70 Housing opportunities	R177 283 000.00
2.3	Development of 40 Apartment opportunities	R82 000 000
	TOTAL PROJECT DEVELOPMENT COST (INCLUDING VAT)	R317 283 000.00

#### 3. Expenditure Analysis

3.1	Expenditure on Building Materials (At least 50% of Material from Local Resources)	R218 283 000.00
3.2	Expenditure on Local Labour (At least 70% of Total Labour Requirement)	R 25 900 000.00
	TOTAL PROJECT EXPENDITURE OUT OF LOCAL RESOURCES (EX VAT)	R244 183 000.00

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**4.JOB CREATION DURING CIVILS CONTRACT (8 MONTH CONTRACT)**

Direct job creation:

Monthly Salary

		QTY	@	Monthly Salary
4.1 Civils	1 Management	1	R45 000	R45 000
	2 Administrative Staff	1	R8 000	R8 000
	3 Foreman	1	R20 000	R20 000
	4 Technical Staff	1	R10 000	R10 000
	5 Skilled Labour	12	R9 800	R117 600
	6 Semi-Skilled Labour	14	R7 400	R103 600
	7 Un-Skilled Labour	40	R5 600	R224 000
4.2 Electrical	1 Management	1	R45 000	R45 000
	2 Administrative Staff	1	R8 000	R8 000
	3 Foreman	1	R20 000	R20 000
	4 Technical Staff	1	R10 000	R10 000
	5 Skilled Labour	6	R9 800	R58 800
	6 Semi-Skilled Labour	8	R7 400	R59 200
	7 Un-Skilled Labour	15	R5 600	R84 000
4.3 Professional Structural engineers	1 Management	1	R42 000	R42 000
	2 Administrative Staff	1	R8 000	R8 000
	3 Foreman	0		R0
	4 Technical Staff	1	R10 000	R10 000
4.4 Professional Architects	1 Management	1	R43 000	R43 000
	2 Administrative Staff	1	R8 000	R8 000
4.5 Professional QS	1 Management	1	R43 000	R43 000
	2 Administrative Staff	1	R8 000	R8 000

MONTHLY SALARY VALUE

R975 200

JOB OPPORTUNITIES QTY

110

CIVIL CONTRACT DURATION (MONTHS)

8

TOTAL WORKING MAN HOURS

140800

TOTAL VALUE FOR CONTRACT DURATION

R7 801 600

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**5.JOB CREATION DURING HOUSING CONSTRUCTION (48 MONTH CONTRACT PERIOD)**

5.1 Construction Housing + Apartment units	1 Management	1	R45 000	R45 000
	2 Administrative Staff	2	R8 000	R16 000
	3 Foreman	2	R20 000	R40 000
	4 Technical Staff	2	R10 000	R20 000
	5 Skilled Labour	15	R9 800	R147 000
	6 Semi-Skilled Labour	15	R7 400	R111 000
	7 Un-Skilled Labour	60	R5 600	R336 000
5.2 Professional Project manager	1 Management	1	R40 000	R40 000
	2 Administrative Staff	0		R0
5.3 Professional Architect	1 Management	1	R35 000	R35 000
	2 Administrative Staff	1	R10 000	R10 000
5.4 Professional QS	1 Management	1	R35 000	R35 000
	2 Administrative Staff	1	R10 000	R10 000
5.5 Professional Structural engineers	1 Management	1	R35 000	R35 000
	2 Administrative Staff	1	R10 000	R10 000
5.6 Professional Specialists	1 Management	1	R35 000	R35 000
	2 Administrative Staff	0		R0
MONTHLY SALARY VALUE				R925 000
JOB OPPORTUNITIES QTY				105
CONSTRUCTION CONTRACT DURATION (MONTHS)				40
TOTAL WORKING MAN HOURS				672000
TOTAL VALUE FOR CONTRACT DURATION				R37 000 000



**Ref.: 426/G22**  
**Municipal Ref.: 2004423**

11 November 2024

### To whom it may concern

**PROPOSED CANCELLATION, CONSOLIDATION, REZONING, AND SUBDIVISION: ERVEN 6156, 6179 & ERVEN 19372 & 19373, HOMEWOOD STREET & PLANTATION ROAD, HEATHERPARK, GEORGE**

1. The abovementioned matter refers.
2. The following land use application was submitted for the mentioned properties to the George Municipality:
  - Cancellation of General Plan 5904/1996 in terms of Section 15(2)(k) of the George Municipality: Land Use Planning By-law (2015);
  - Consolidation of Erven 6179, 6156, 19372 & 19373 George in terms of Section 15(2)(e) of the George Municipality: Land Use Planning By-law (2015) to create one erf ( $\pm 5.6338$ ha);
  - Rezoning of the consolidated erf in terms of Section 15(2)(a) of the George Municipality: Land Use Planning By-law (2015) from Agricultural Zone I (Agriculture) to Subdivisional Area.
  - Subdivision of the subdivisional area in terms of Section 15(2)(d) of the George Municipality: Land Use Planning By-law (2015) into:

Single Residential Zone II erven (Estate Housing) comprising of:

    - 77 group housing erven;
    - 1 flats erf;
    - 7 private open space erven;
    - 1 private road erf.
3. This land use application (report & annexures) is part of the environmental application process with the development principles considering SPLUMA and the MSDF remaining the same.
4. Amendments were done to the development proposal reducing the number of residential opportunities (group housing) from the original 77 erven to 70 erven. One of the erven in the development will still be used to develop 40 flats. With the changes in the layout, the number of private open spaces have been reduced to 5, but the area is basically still the same. Then internal private road has also been divided into 3 private road erven to correspond with the proposed construction phases. This is also important from the perspective of the Surveyor-General.
5. Considering the above, the land use application now read as follows with the changes in bold. Note that the planning by-law for the Municipality has been updated in 2023.
  - Cancellation of General Plan 5904/1996 in terms of Section 15(2)(k) of the George Municipality: Land Use Planning By-law (2023);

- Consolidation of Erven 6179, 6156, 19372 & 19373 George in terms of Section 15(2)(e) of the George Municipality: Land Use Planning By-law (2023) to create one erf (±5.6338ha);
- Rezoning of the consolidated erf in terms of Section 15(2)(a) of the George Municipality: Land Use Planning By-law (2023) from Agricultural Zone I (Agriculture) to Subdivisional Area.
- Subdivision of the subdivisional area in terms of Section 15(2)(d) of the George Municipality: Land Use Planning By-law (2023) into:

Single Residential Zone II erven (Estate Housing) comprising of:

- **70** group housing erven;
- 1 flats erf;
- **5** private open space erven;
- **3** private road erf.

6. The subdivision plan and zoning plan have been updated and is attached hereto. For the sake of completeness, we add the consolidation plan as well.

Yours faithfully



**MARLIZE DE BRUYN Pr. Pln.**

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