

Development of spatial costing tool for Discouraged Growth Areas



The City identified the need for a credible costing instrument to support the implementation of its MSDF. The rationale for such a spatially differentiated approach to evaluating development proposals include: (a) land markets tend to push development to the periphery of the city where land is cheaper, (b) land markets are distorted since regulatory fees and controls only consider a subset of cost factors in their determination, (c) instruments that manage urban growth are justified in order to correct these land market distortions, (d) the erstwhile urban edge encouraged, with varying success, incremental and logical growth on the periphery; at worst, it created fertile conditions for rent seeking behaviour by well-connected speculators, (e) with the removal of the urban edge and the introduction of Discouraged Growth Areas, the City is by means of this work stream exploring the feasibility of a spatially-differentiated, fiscally-oriented approach to growth management.

PDG was commissioned to develop a business case and a credible instrument to quantify anticipated capital and operating costs associated with the development in Discouraged Growth Areas. The development of a business case included identifying and evaluating options on the basis of legal, financial, technical and implementation considerations.

The spatial costing tool was developed to assess the capital and operational costs of development proposals located beyond the City's prioritised growth areas. The purpose of the tool is to firstly provide City officials charged with evaluating the desirability of development proposals with a comprehensive view of costs, and secondly to inform ongoing policy deliberations on spatially differentiated tariffs and development charges.



Direct and indirect growth management instruments

Balancing the simplicity of a crude growth management tool like an urban edge, against the accuracy of costs estimated on a case-by-case basis by engineers using a range of sector-specific models, PDG conceptualised a multi-sector spatially-sensitive cost estimation instrument which rely on a set of explicit assumptions and calculation techniques, as an appropriate middle ground. Building the model expansion required sophisticated spatial analysis (e.g. least-cost routing) and infrastructure costing approaches to overcome the absence of infrastructure master planning in these areas. Model implementation included the development of a user-friendly interface, a user manual and associated training.

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SCOT2 PROJECT:

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