

ADDENDUM TO THE CORNUBIA SOCIO-ECONOMIC IMPACT REPORT OF FEBRUARY 2010

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1. Background

The present report updates a previous report on likely socio-economic impacts of the Cornubia development in Ethekekwini, dated February 2010. Since the time of that report development plans have been amended to accommodate a variety of factors, resulting in the need to reassess the likely scale and nature of impacts.

The strategic development of Cornubia, which forms a key component of Ethekekwini's development objectives, was already well underway at the time of writing, with much of Phase 1 being a *fait accompli*, and the remainder that about to commence (in July 2013). The focus of the present Addendum report is therefore upon Phase 2 which is intended to commence later, once the relevant approvals are obtained.

2. Original Phases and Development to Present

In the February 2010 socio-economic impact report, the projected phases and scales that were then still under discussion were as reflected in that report. The overall development was always anticipated to be very substantial in terms of scale, and at the time of production of the February 2010, report a total of 24 000 residential units and 1 359 280 sq. m. of commercial bulk was planned for.

As noted above, Phase 1a is virtually complete as of mid-June 2013. This has comprised of:

- (i) An Industrial Precinct of 80ha platform, of which 60ha had been sold to market by March 2013 (and with top structure construction about to commence on the first building at the time of writing); and
- (ii) Housing in a pilot phase of 486 units which were well under construction at the time of writing, and all to be complete and serviced by end July 2013.

In addition to this a 170 000 bulk sq. m. retail park is in the EIA phase, the majority of this space's sale's already secured from the market.

3. Future Development and Amended Plans for Phase 2 and Differences Compared to Past

We are focusing in this Addendum on Cornubia's phase 2, which geographically stretches from the N2 freeway in the east to Marshall Dam in the west; and from the M41 highway in the south to the Ohlanga River in the north. The revised parameters for development are as in table 1 below.

Table 1: Cornubia Revised Parameters for Phases 2 as of June 2013

PHASE 2										
Desired Activity Patterns	Ha	%	FAR	Total bulk (sqm)	Commercial bulk (sqm)	Residential bulk (sqm)	Residential density	Yield - no. of units	%	Average size (sqm)
General Business - Offices / Showrooms / Retail	116.29	13	0.6	757,711.38	757,711.38					
Light Industry - Logistics / Manufacturing / Retail	57.76	6	0.6	346,576.72	346,576.72					
Mixed use 1 - Residential apartments / Retail base (80/20 Desired split)	24.59	3	1.5	368,820.54	73,764.11	295,056.43	180	4,426	20	9
Mixed use 2 - Residential apartments / Retail base (80/20 Desired split)	9.50	1	2	190,047.84	38,009.57	152,038.27	220	2,091	9	7
High Density Residential - Gap / Social Housing	10.21	1	1.0	102,051.98		102,051.98	180	1,857	8	9
Medium density Residential - Gap / Social Housing	12.69	1	0.9	114,237.89		114,237.89	160	2,031	9	9
Medium Density Residential - Subsidised / Duplex / Simplex Housing	87.17	9	0.45	392,277.49		392,277.49	100	8,717	39	5
Transit orientated development zone	8.99	1	6	539,425.98	215,770.15	215,770.15		3,082	14	7
Community Facility	3.59	0.4	0.45	15,955.25						
Potential Cemetery	13.94	1								
Roads	177.37	18								
Social facilities	42.44	4								
Open Space	80.57	30								
Parks	13.59	1								
Servitudes	50.38	5								
SASA	23.23	2								
Blackburn Reservoir	2.78	0.3								
Total - Phase 2	975	100		2827,304.42	1,431,891.88	1,055,662.06		22,204	100	

Vs
1,359,280
Ph 2 original

Vs
21,058
Ph 2 original

There is only a slight augmentation in both residential units and commercial bulk compared to the February 2010 report by this author, and other major parameters such as social facilities and open space remain virtually unchanged. The increase in Phase 2 units, at a rate of 5.4%, and in commercial bulk at a rate of 3.9%, are in broad alignment.

4. Revising Assessment of Socio-economic Impacts

The differences in the both the non-residential and residential scales of development are so slight as to not require analytically different revisions to the original projections of impacts as set out in the February 2010 report by the present author. In socio-economic impact terms the differences are however all positive with about a 4% increase in jobs, taxes, rates and related positives.

The balance of land uses has been retained. Cornubia was of course initially advocated as a major lower income housing development, and current figures still reflect this.

What this reminds the author of, from a socio-economic impact perspective, is the need for planning for expenditure on public services which are traditionally outside the budgets of the major development partners in Cornubia –notably, schools. This is something that the provincial education department will need to take careful note of, because in terms of planning norms an additional at least ten more schools may need to be planned for.¹ Moreover, the municipal services implications also need to be recalled here, for example playgrounds for children and sports fields for adolescents, given the projected high density housing.

5. Conclusions and Recommendations

From a socio-economic impact perspective, the amended plans are positive. The housing shortage in Ethekwini is well documented, and the amended Phase 2 plans augment this beyond the projected rated of commercial space increase. There will, in addition, be positive jobs and national tax revenue implications deriving from the amendments, most notably though slightly increased overall construction. The likely implications in terms of additional demands for commercial space are not inconsistent with provisions that have already been made, and the imminent commencement of 170 000 bulk sq. m. retail park should provide impetus to the commercial component which is important for the projects' overall success. This project will be most unlikely to compete with other proposed retail expansions in the wider northern areas, which cater to different consumer sub-markets.

However, the amended figures do underscore the need for provincial and metropolitan authorities to budget for significant social infrastructure in these areas. High on the list of such priorities, given the high density housing and lower income nature of households, will be those relating to the needs of youth – schools, playing areas and sports fields prominent amongst them. High density, working class areas world-wide pose challenges of this nature, and it would be advisable to learn from international best practice in this regard.

This is especially pertinent in relation to the likely challenges of perceived relative deprivation, which world-wide are known to lie at the basis of expressed social grievances. Given the steep socio-economic gradient that will exist to the east of Cornubia, with the top end of Ethekwini's consumption patterns on display there, public sector planners would be well advised to make every

¹ This should really be a subject for a specialist study in its own right, because projected numbers of children and their age distributions amongst other variables need to be considered. The 2010 plans indicated a need for 18 schools in total.

effort to make Cornubia a model working class suburb, providing realistic hope for prospective upward class mobility. Education and training facilities are likely to lie at the centre of realistically catering for such hopes.