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YOUR REF: TP752/2024-WELMOED FARM 468 PTN 28
OUR REF: JSC/03/A1

DATE: 20 SEPTEMBER 2024

The Director: Planning and Development
Stellenbosch Municipality
PO Box 17
STELLENBOSCH
7600

Per email:
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Dear Sir/Madam

SITE SPECIFIC MOTIVATION REGARDING THE LAND DEVELOPMENT PROPOSAL FOR REMAINDER PORTION 28 OF THE FARM WELMOED NO. 468. LYNEDOCH, STELLENBOSCH

The following submission serves as the site specific motivation for the proposed mixed-use development at Remainder Portion 28 of the Farm Welmoed No. 468. This should be read together with the application and motivation report submitted on 28 May 2024.

1. STELLENBOSCH MUNICIPALITY IDP AND SDF

1.1 IDP

The IDP lists a number of spatial challenges, as indicated in the extract inserted below. Of note is the reference to the need to adapt to climate change, with reference to the current agricultural use of the property, which is no longer sustainable, and the need for the provision of planned urban settlements for those who cannot afford to live in the low density unaffordable residential neighbourhoods of the major towns.

The proposed development at Remainder 28 of Farm Welmoed No. 468 is a mixed-use and mixed income development that responds to the anticipated growth in the municipal area's population. This development includes provision for inclusionary housing, thus providing for affordable housing at the lowest level possible for private sector developers, and further proposes housing for middle income commuters through the provision of high density dwellings within walking distance of the Lynedoch Station. It is thus responsive to the stated needs of the IDP.

The figure below is an extract of Table 29 of Stellenbosch Municipality IDP, 2023.

Table 29: Spatial Challenges

Theme	Spatial Challenges
Biophysical context	↓ The degradation of key ecological assets and loss of productive agricultural land has been ongoing. ↓ The condition of the river systems within the municipality has deteriorated. ↓ Climate change is likely to have a significant impact on the natural resource base of the municipal area, which will include a reduction in water, increased temperatures, increased fire risks, and increased incidences of extreme weather events. This in turn will impact agricultural production, scenic landscapes, the liveability of urban areas and the ability to provide basic services such as water and sewerage treatment.
Socio-economic context	↓ The population in the municipality will continue to grow above the average provincial rate, and urbanisation rates will increase with settlements absorbing the bulk of growth. ↓ The ability of the economy to absorb growth, particularly concerning job creation, is concerning. ↓ The informal sector will continue to provide livelihoods to a significant proportion of residents. ↓ The growing youthful population, large student population, and the seasonal influx of labour are likely to increase the municipality's dependency ratio, in addition to a smaller base from which the municipality can collect revenue to provide services and opportunities that will improve the lives of the poor. ↓ Inequality in the municipal area, and particularly in historic towns such as Stellenbosch and Franschhoek, remains significant and current development patterns are not addressing the issue. ↓ Crime rates remain high and the market response i.e. private security provision for those who can afford it, is likely to exacerbate inequality.

The proposed development, considered the impact of climate change together with the declining agriculture potential resulting in a lower socio- economic benefit of the agricultural use. An Agriculture Impact Assessment dated June 2023 was conducted by *AgriInformatics* and included as part of the application submitted in May 2024. The assessment, read together with the Market Study report by *Demacon* dated September 2023 (submitted with May 2024 land use application).

The following is an extract from p56 of the *Demacon* Market Study report.

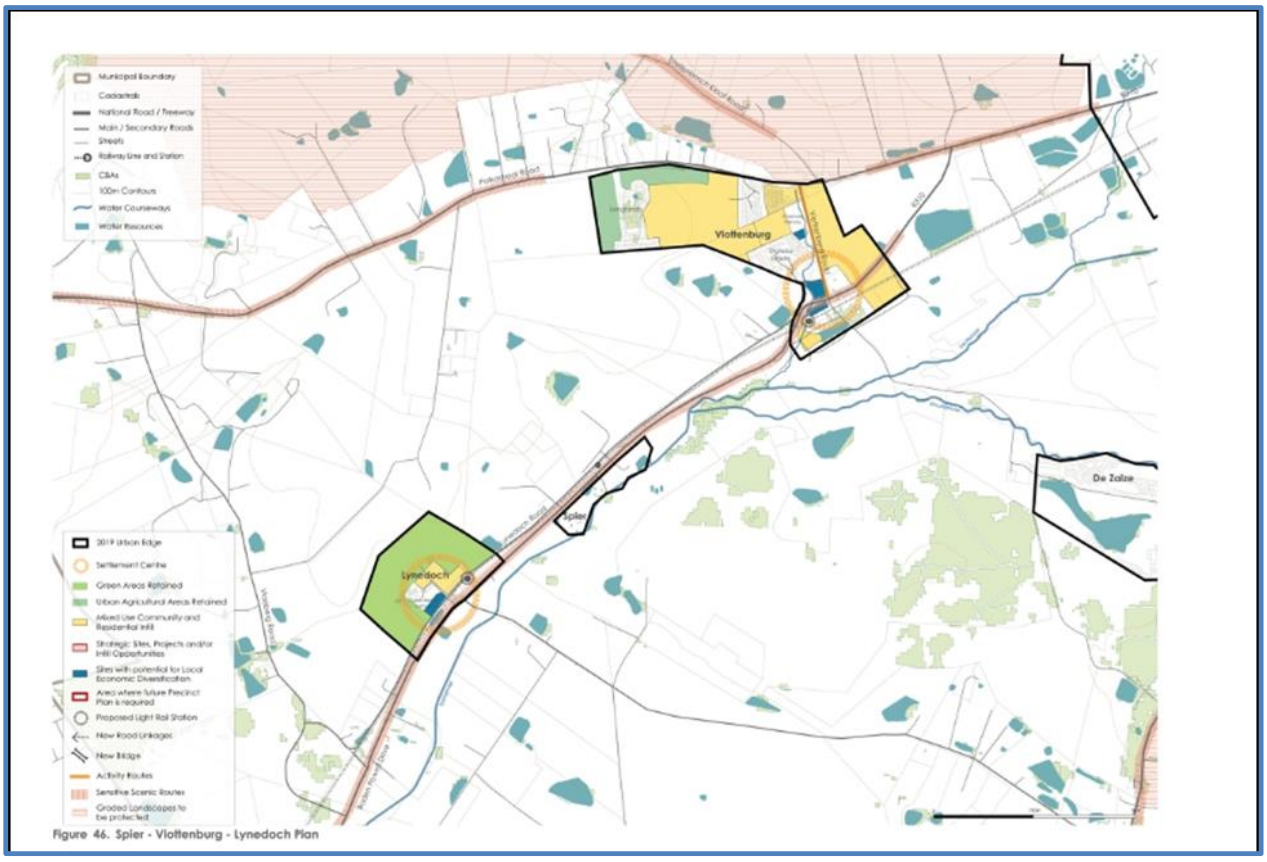
- An estimated 322 new households will seek accommodation in the target geographic market area, resulting in an annual growth in demand of approximately 64 units with a total of ±300 units that could be developed and taken-up over the short term of 3-5years.
- An estimated 431 new households will seek accommodation in the target geographic market area, resulting in an annual growth in demand of approximately 86 units with a total of ±750 units that could be developed and taken-up over the medium to longer term over a 5-to-10-year period.

The Market Study concludes that the proposed development will promote the sustainable use of Rem Portion 28 of Farm Welmoed No 468 as it responds to the socio-economic needs of Stellenbosch municipal area.

1.2 MSDF

The application area currently falls within the urban edge of the Lynedoch Node. Despite the fact that reference is made to the character and extent of the current Lynedoch Eco-Village and the Stellenbosch Sustainability Institute, the boundaries of the Lynedoch Node is extended to fully include the application area, The Urban Edge therefore runs along the property boundary of the Remainder Portion 28 of the Farm Welmoed No 468. As a result, the land development application was compiled, with specialist studies and assessments conducted to determine the sustainable land use of the property.

Figure 2: extract - Stellenbosch Municipality SDF, 2023, Vlottenburg - Spier - Lynedoch Framework



In terms of residential planning, the MSDF stipulated that over the longer term, it is believed that some settlements along the Baden-Powell-AdamTas-R304 corridor can support larger populations, particularly the broader Muldersvlei/ Koelenhof and Vlottenburg/ Spier/Lynedoch areas. The related non-spatial proposals refer to "s*upport [for] private sector led institutional arrangements to enable joint planning and development"*. **The proposed development therefore supports the MSDF in that the development is projected to be implemented over a 10-year period.**

Land within the urban edge for development to satisfy the need for affordable housing, is a scarce resource in Stellenbosch, especially since capital (public funds) for development of affordable housing, public transport and municipal infrastructure services, is a scarce resource. On the other hand, land for viticulture is an abundant resource, as is wine, of which there is a surplus in South Africa.

The proposed full development of the land within the urban edge will constitute the best use of the available resources (i.e., the best practicable environmental option). A planned full development of the property over time will provide for a growing population in need of housing in proximity of places of employment and existing (potential) commuter transport infrastructure. The resultant increase in revenue will assist the municipality to provide for the infrastructure and socio-economic needs of its growing population.

2 SUSTAINABILITY OF AGRICULTURE USE VS URBAN DEVELOPMENT

According to the *Demacon Socio-Economic and Fiscal Report* dated September 2024 (attached hereto), the proposed real estate development will transform land currently used for wine grape production into a more diverse set of land uses. This shift will change the economic function of the property, moving from agricultural to various productive uses. This Report considers the opportunity cost of this transition, comparing the economic benefits of the new development with the current agricultural value.

Currently, the agricultural use of the property generates significant positive impacts. With an operational expenditure of about R2.6 million, the farming activities stimulate approximately R4.8 million in business sales, contribute R2.0 million to GDP, and support eight jobs in the Western Cape economy. These benefits are primarily due to wine grape production and related processing activities

The long-term sustainability of the property's economic benefits as a commercial agricultural unit is questionable. The *Agriculture Impact Assessment* report by *AgriInformatics* (2023) highlights several challenges:

- **Low Yields**: Current vineyard yields are 5.5 tons per hectare, far below the 15 tons needed for sustainable production.
- **Aging Vineyards**: The vineyards are aging, with limited capacity for replacement and insufficient water resources.
- **High Costs**: Rising input costs and limited irrigation potential hinder profitability.
- **Declining Viability**: The farm's commercial viability is decreasing due to these factors, along with broader industry trends in South Africa.

Overall, the property's agricultural functions may become unproductive over time, making it a suboptimal use of the land's economic potential.

The proposed development, with a R1.5 billion capital investment, is expected to generate between R1.5 billion and R3.5 billion in additional GDP and business sales during construction, creating nearly 5,300 temporary jobs. Once operational, it could contribute R301 million in household and operational expenditures, resulting in up to R317 million in sustained GDP and supporting around 890 sustained jobs.

The agricultural functions of the property are becoming less productive due to aging vineyards, high replacement costs, and rising input costs, thereby limiting economic expansion. In contrast, the proposed mixed-use development promises greater economic benefits, both in the short term during construction and in the long term once operational, by meeting market demand and addressing urban development pressures

"***In comparing the potential economic, socio-economic, and fiscal impacts of the proposed development to the loss generating agricultural use, the impact assessment indicates that the proposed development stands to create a considerable net benefit to the local economy, not least of which would be additional rates and taxes. The long-term and sustained economic value generated by the mixed-use development far exceeds the declining economic value of the current agricultural use of the property. Therefore, the proposed development represents a greater economic benefit to the local economy by establishing long-term value, in contrast to the diminishing returns of continued wine grape production."*** **(Demacon, September 2024)**

3 AVAILABLE BULK INFRASTRUCTURE CAPACITY

A bulk infrastructure capacity study commissioned by Stellenbosch Municipality, was compiled by *GLS Consulting* and included a Water Master Plan dated June 2023 and the Sewer Master Plan dated June 2023. It should be noted that the future development of Rem Portion 28 of Farm Welmoed No 468 was conceptually taken into consideration for the Stellenbosch Municipality June 2023 master plans for the water and sewer networks.

GLS Consulting investigated and commented on the bulk water supply and sewer discharge of this proposed, mainly residential, development and informed the proposed development on Remainder Portion 28 of Welmoed Farm 468. This led to a bulk water and sewer capacity investigation report performed for the development which was issued in 25 July 2023 and updated in March 2024. A copy of the July 2023 report was included in the land development application submitted in May 2024. The March 2024 report is attached hereto. In this updated March 2024 report, phasing for the different development areas within the larger development node was included, in order to comment on the phasing of the proposed infrastructure upgrades.

With reference to water and sewer bulk capacity, the following conclusions are made in the *GLS Consulting* March 2024 Report.

3.1 WATER NETWORK CAPACITY

The existing pipes of the Polkadraai system in the Baden Powell Drive have insufficient spare capacity to accommodate the proposed development. It is proposed that the development is supplied with water from the Faure system with a connection to the existing 160 mm diameter pipe on the corner of Baden Powell Drive and Annandale Road. **Bulk water capacity is therefore available at the Faure system and can accommodated the proposed land development at Rem Portion 28 of the Farm Welmoed No 468.**

3.2 SEWER NETWORK CAPACITY

There are no sewer services in the vicinity of the proposed development. The nearest bulk infrastructure is the recently constructed Blaauwklippen pumping system to the north of the development area, which discharges at the Stellenbosch Wastewater Treatment Plant (WWTP). The proposed development is located inside the sewer priority area.

It is proposed that sewage from the development gravitates towards the lowest point of Remainder Portion 28 of Farm 468, from where sewage should be pumped to the existing Blaauwklippen pumping station. **There is sufficient capacity in the existing Blaauwklippen pumping system to accommodate the proposed development.**

4. CONCLUSION

In conclusion, the strict application of the land designation in the SDF for green space is not advantageous or beneficial in terms of long-term sustainable use. The growing population and subsequent need for accommodation with access to social and economic opportunities, coupled with the pressure placed on the Municipality to address its service delivery mandate, results in a greater reliance on private sector and developers to respond to this need. The proposed mixed use development includes inclusionary housing which is catering for the medium to lower income households as well as a community zone for the establishment of a place of assembly, place of worship, day care facilities, place of education, indoor and other sporting, and related facilities amongst others to complement the existing facilities and functions of the Sustainability Institute and Lynedoch Village.

This proposed development at Remainder Portion 28 of Farm Welmoed No 468 is desirable and supports the long term intention of the Lynedoch Node. The application with all its supporting plans and reports provides sufficient site specific motivation for a sustainable development that warrants a favourable consideration for approval.

Yours faithfully

MS JACQUI SAMSON