

INCENTIVE OVERLAY ZONE

INVESTIGATION

URBAN PLANNING & DESIGN
BRANCHES INVOLVED
Spatial Targeting & Mechanisms

LEAD CONSULTANTS
Zutari

PROJECT YEAR
Ongoing

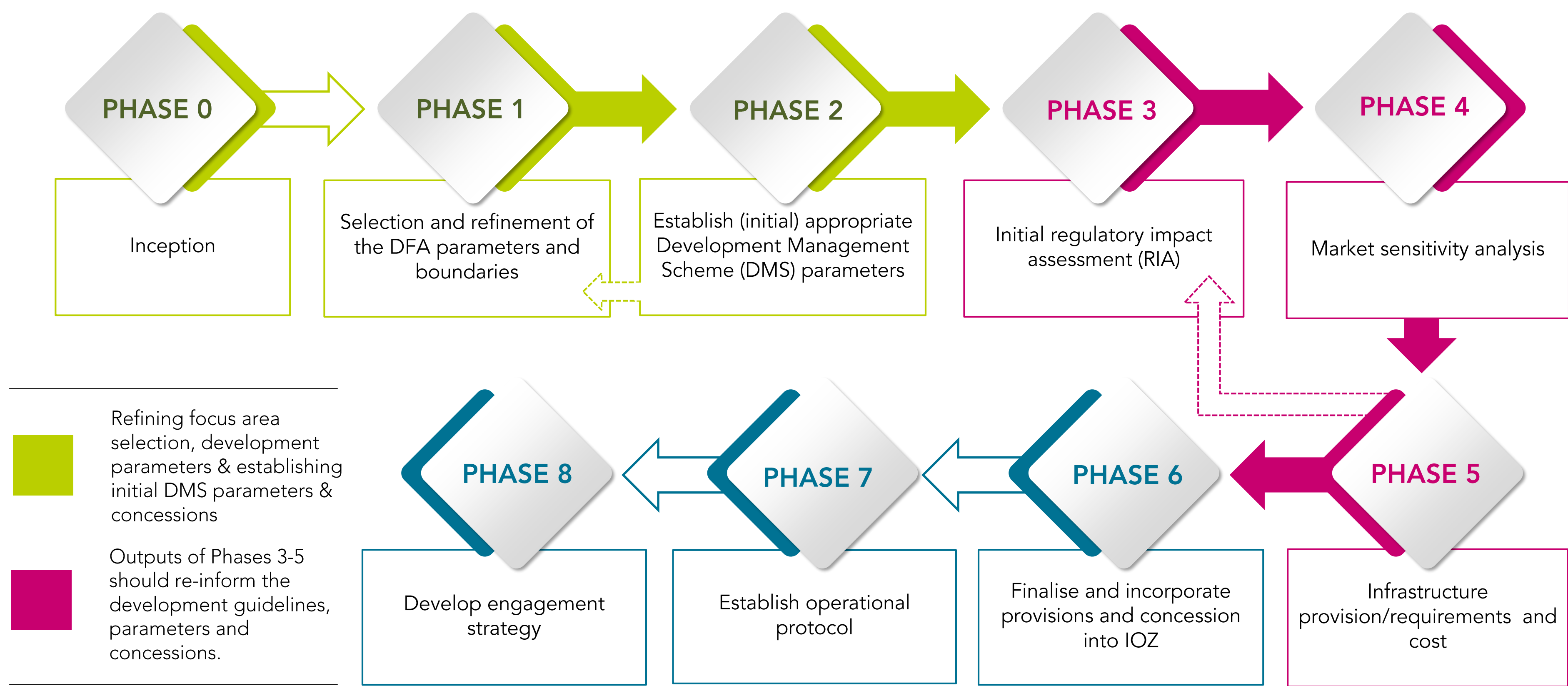
Spatial planning policy directives have not been matched with the required changes in the zoning scheme and other regulations to enhance the desirability of spatially targeted areas. This has not made it significantly easier or more viable for developers and property owners to support policy objectives in targeted areas versus developing in an area that is not aligned with policy. This creates uncertainty and unwillingness for external stakeholders to invest in line with the City's spatial vision.

The eight District Spatial Development Frameworks (DSDFs) included a detailed investigation of the pragmatic development mechanisms that could enable the spatial development proposals contained in the DSDF and support the recovery of the City's economy during and post COVID-19. An incentive overlay zone is one such mechanism which has undergone further investigation based on the following:

- ❑ Its an existing legal instrument in the Municipal Planning By-Law (Section 148, 155 and 156).
- ❑ Allows existing zoning regulations to be superseded or complemented to solve a known problem.
- ❑ Can implement comprehensive plan policies and strategies associated with future land use and the environment.
- ❑ Relatively easy to maintain over time following initial adoption.

The purpose of an IOZ is to influence the rate and location of development activity in pursuit of a desired built form as articulated by the spatial frameworks in certain strategic priority areas of the city designated as appropriate in the City's DSDFs. This requires the establishment of clear development parameters linked to concessions in the development management scheme (DMS), which will in turn remove onerous administrative requirements that create uncertainty and often hinder development in spatial policy aligned areas.

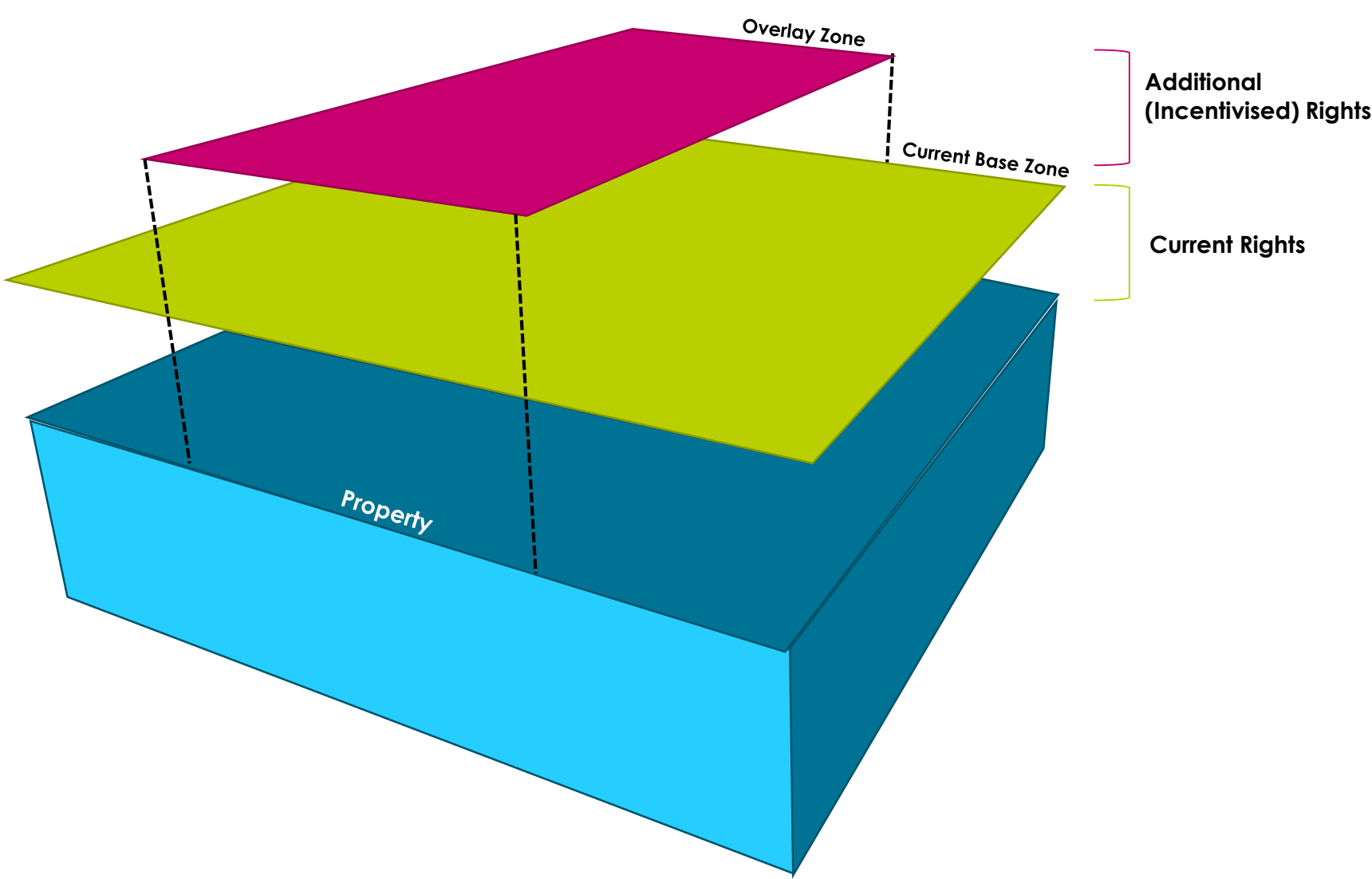
To pilot the Incentive Overlay Zone, the project team initially investigated DMS concessions and conditions for Development Focus Areas (DFAs), spatially targeted areas identified in the approved DSDF – see map below. DFAs are a refinement of the spatial designation of the Urban Inner Core (UIC) to areas of 'development focus' or priority, for the period of the DSDF (10 year cycle). They represent targeted areas for urban restructuring that have the highest potential spatial transformative impact (i.e. addressing issues of spatial fragmentation, inefficient urban form and segregation by integrating communities and increasing opportunities to a greater number of people in highly connected areas).



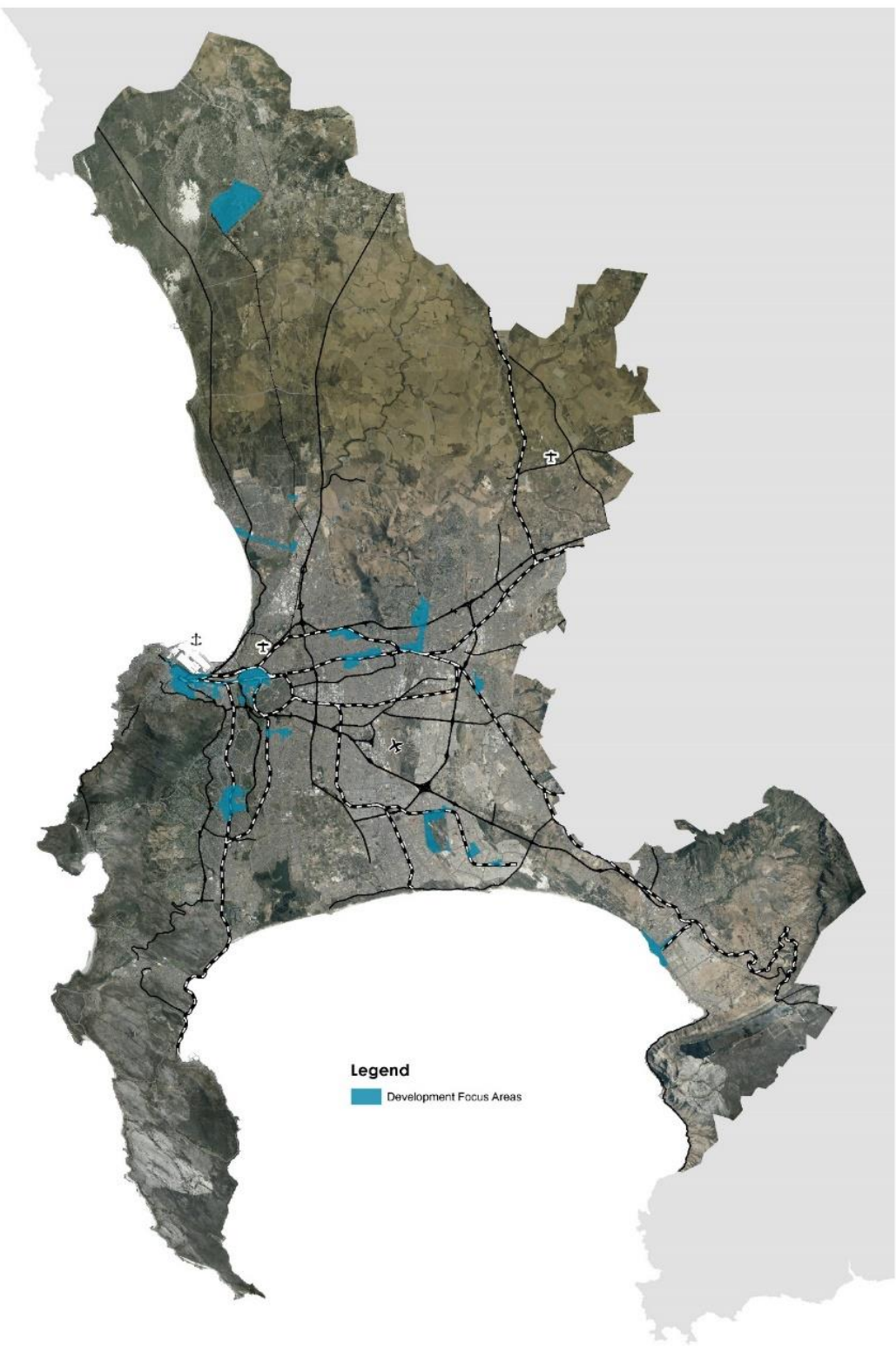
Methodology

The figure above indicates the high-level methodology for developing the IOZ. The overall method of this project is to determine a pragmatic approach for the City to incentivise desirable development that will enable urban transformation within DFAs. The project will be undertaken through the completion of the key tasks linked to 8 phases. This methodology will not take a linear approach but will be iterative in nature, note how the phases interact with one another in the aforementioned diagram. Phases 1 – 2 focuses on a selection and refinement of the development guidelines and boundaries of the DFAs into IOZ areas. It also translates the land use guidelines into initial DMS parameters and concessions. Phases 3 – 5 of the investigation includes a Regulatory Impact Assessment (RIA), Market Sensitivity Analysis and Infrastructure Provision and Cost Analysis to develop an understanding of, and weigh the potential costs and benefits of the IOZ and associated DMS parameters/concessions. Phase 6 documents the tested concessions based on Phases 3 – 5. Phase 7 entails the development of an operational protocol to administer the overlay zone. Lastly Phase 8 aims to develop an engagement strategy to enable effective public participation around the IOZ that meets the legal requirements for an overlay zone in the Municipal Planning By-Law.

Overlay Zone Concept



Initial Areas of Focus - DFAs



Guiding Principles for the IOZ

- Easy to understand** for public and private stakeholders alike
- Practical to implement** and ensure that an administrative burden is not created
- Do no harm** and maintain an emphasis on promoting the desired development in spatial targeting areas without leading to market distortions and other unintended consequences
- Be flexible, relevant and pragmatic** and provide an incentive which is desirable for developers and investors

Overlay zoning is a regulatory tool that creates a special zoning district, placed over one or more existing base zone(s), which identifies special provisions in addition to those of the underlying base zone – see figure above. The CCT has in the past used overlay zones as restrictive measures to protect special features such as historical areas and buildings (e.g. the Bo-Kaap Heritage Protection Overlay Zone). However, overlay zones can also be used to promote specific development projects, such as mixed-used developments, waterfront developments, housing along transit corridors, or affordable housing



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