



INCENTIVES FOR BUILDING AFFORDABLE RENTAL FLATS (ARF's)



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What incentives does the City of Cape Town offer residents to develop AFRs

The **City of Cape Town** (CoCT) offers several **incentives** for building of **Affordable Rental Flats** (ARF's) on your **property**.

1 POLICY INCENTIVES

- Affordable Rental Flats (ARF) introduced as **additional use rights** – which means there is an **extra** right granted to the site by the zoning scheme in addition to the primary use.
- **Increase in allowable units** on properties with 8 units plus a dwelling house, or 12 units if no dwelling house exists on the land.
- The introduction of AFRs now permits for **higher allowable residential densities**.
- **Relaxed parking requirements** for ARFs has been introduced, with the City identifying parking requirements for a site on a case by case basis

2 PROCESS AND APPROVAL INCENTIVES

- ARF submissions do not require land use applications if the conditions of **Section 25D** of the **MPBL** are met, meaning **faster statutory approvals**.
- ARF proposals enjoy **dedicated support** from the City's **Local Planning Support** branch that offers professional advice prior to and during the submission process.



3 FINANCIAL INCENTIVES



- ARFs allow property owners to legally rent out additional units, creating a **stable, recurring source of income**.
- With ARFs, **development charges are reduced**, lowering the upfront costs of formalising and legalising rental units.
- ARFs fees for **building development contributions** are also reduced.
- Typically, property owners who construct without approval face **administrative penalties**. For ARFs, **exemptions** are applied in certain cases, meaning owners can bring their rental units into compliance without facing fines.

4 ACCESS TO ALTERNATIVE MEANS OF FINANCING

- The development of ARFs gives access to NGOs that facilitates the **connections** between **micro-developers/homeowners** and appropriate **financing mechanisms**. These financial packages are tailored to small-scale developers who can't meet the criteria of banks.

5 SERVICE INCENTIVES

- The COCT offers significant **subsidies** for **development charges** to micro-developers building affordable rental flats



ROAD MAP



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Additional benefits associated with the development of ARFs

1 BENEFITS TO LANDOWNER

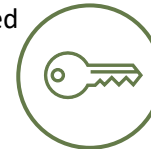


- **Additional Income Stream**
Approved ARFs allow property owners to generate consistent rental income.

- **Enhanced Property Value**
Properties with approved ARFs often appreciate more due to their increased development potential.



- **Ability to Insure the Asset**
Approved ARFs are legally recognised structures, making it possible for owners to fully insure the buildings and associated rental income.



- **Optimised Use of Land**
ARFs make better use of underutilised land.



- **Future Flexibility**
Approved ARFs give owners the option to expand or adapt their property according to evolving household or financial needs.

2 BENEFITS TO WIDER COMMUNITY

- **Safer Neighbourhoods**
Increased occupation means more “eyes on the street,” creating safer and socially cohesive/connected neighbourhoods.



- **Increased Affordable Housing Supply**
ARFs contribute to addressing Cape Town's housing shortage by providing well-located, lower-cost rental opportunities.



- **Support for Local Economy**
Tenants contribute to local spending, supporting nearby shops, services, and transport systems.



- **Improved Urban Density & Sustainability**
Higher densities in serviced areas reduce sprawl, making better use of existing infrastructure



- **Social Inclusion & Diversity**
ARFs allow for a broader mix of households in one area, supporting more inclusive communities.



- **Housing Stability**
Access to affordable rental options reduces displacement pressures, helping families remain in areas close to work and schools.

