Breaking New Ground:
Cornubia Integrated Human Settlement Development

RR Pillay MPL
MEC for Human Settlements and Public Works, KwaZulu-Natal

National Human Settlements Indaba,
Sandton Convention Centre, 17 October 2014
CORNUBIA INTEGRATED DEVELOPMENT GROWING SUCCESS FOR ALL
Where do we come from?

- Apartheid spatial inequity had devastating consequences in terms of access to land and housing for the majority of our people.
- In the greater eThekwini region, townships were bursting at the seams – Umlazi, KwaMashu, Lamontville, Wentworth, Chatsworth, Phoenix.
- The rural poor were kept at bay with a barrage of repressive legislation.
Where do we come from?

- The demise of apartheid prompted massive waves of urbanisation

- NDP argues that the trend will continue – a worldwide phenomenon
eThekwini: A Growing City

• In 2001 the population of eThekwini was 3.09 million and has grown at an average annual percentage of 1.13% per annum to reach 3.44 million in 2011 (Statistics South Africa, 2011)

• Useful urbanisation comparisons: Brazil, Nigeria, Kenya, India
Census 2011 versus Dwelling Count from aerial photography shows that classification of dwelling type is a major issue. It appears that households completing their own questionnaires are recording their dwellings as “formal” while we are recording them as “informal” as viewed from aerial photography.
The Promise of Cornubia
Why Cornubia?

- Current housing delivery patterns indicate that it will take a considerable period to address the huge eThekwini backlog.

- Urgent need to provide decent accommodation for those currently living in unsafe and undignified living conditions.

- Ideal intervention in Province's slum clearance programme.
Why Cornubia?

- Opportunity to provide housing for people who earn less than R 15000 per month within an integrated development
- One of the few large vacant tracts of land strategically located in a rapidly developing part of northern eThekweni
Cornubia: A strategic opportunity to deliver Integrated Human Settlement, moving housing beyond the provision of shelter toward creating decent living environments with a sense of community, dignity and pride.

“As part of social infrastructure development we will provide suitably located and affordable housing and decent human settlements. We will proceed from the understanding that human settlement is not just about building houses. It is about transforming our cities and towns and building cohesive, sustainable and caring communities with closer access to work and social amenities, including sports and recreation facilities.”

Extract from President Jacob Zuma's State of the Nation Address - 2009
Jobs and money

R20 billion Cornubia development set to create more than 100 000 jobs

By Michelle Dennis

Housing project not an election ploy: ANC

Billions needed for elite scheme

Housing project largest 4

Detailed Cornubia plans announced

Elections a factor in land-grab threat

Most parties agree Council confirms Cornubia
Cornubia is a benchmark project targeting an Integrated Human Settlement Development

Based on National Department of Human Settlement’s Breaking New Ground initiative (BNG)

Partnership between eThekwini Municipality and Tongaat Hulett

A primary starting point in the overall planning for Cornubia is the establishment of an overall Framework Plan to guide and cohere future development

The prime location of the site together with the diverse mix of uses creates an ideal opportunity for the people within Cornubia and those that surround this area to access a full set of urban and economic opportunity
Cornubia is located in a dynamic northern development corridor.

- Located the Northern Corridor of Durban.
- Cornubia sits adjacent to the economic and investment node of uMhlanga in the east, Mount Edgecombe in the south, Ottawa and Phoenix in the west and Waterloo in the north, bordered by N2 freeway and M41 arterial and the Ohlanga river.
- It lies 7 km south of the new King Shaka International Airport.
- Cornubia is extremely well located in terms of integrating with surrounding communities with easy access to a full range of economic and social activities within the fast developing northern corridor.
MOUNT EDGECOMBE
UMHLANGA RIDGE
OTTAWA
WATERLOO
PHOENIX
eThekwini: 664ha (50%)
Tongaat Hulett: 586ha (44%)
Sasa: 62ha (5%)
Blackburn: 19ha (1%)

LAND OWNERSHIP

<table>
<thead>
<tr>
<th>LAND HOLDING</th>
<th>AREA</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>TH LAND HOLDING</td>
<td>586</td>
<td>44%</td>
</tr>
<tr>
<td>eTHEKWINI LAND HOLDING</td>
<td>664</td>
<td>50%</td>
</tr>
<tr>
<td>BLACKBURN LAND HOLDING</td>
<td>19</td>
<td>1%</td>
</tr>
<tr>
<td>SASA LAND HOLDING</td>
<td>62</td>
<td>5%</td>
</tr>
<tr>
<td>TOTAL SITE AREA</td>
<td>1331</td>
<td>100%</td>
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</table>
Cornubia is a national priority project, endorsed by both National and Provincial governments.

The project is a joint venture between National and Provincial Department of Human Settlements, eThekwini Municipality and Tongaat Hulett Developments.

1300 ha of greenfield land will deliver mixed use, mixed income development, incorporating industrial, commercial, residential, open spaces over a period of 15-20 yrs.

A range of housing typologies will be delivered using various housing instruments, from IRDP, social, FLISP and middle income housing.

Cornubia is about creating Sustainable Human Settlements and an Improved Quality of Household Life.
Cornubia – Broad Deliverables

• The project will be implemented in phases. Phase 1A consists of 482 units and Phase 1B 2186 units. Is part of the City restructuring, which includes regional integration and development of the Northern Urban Development Corridor (NUDC)

• Cornubia has the potential to accommodate a total of approximately 28,000 dwelling units and house approximately 120,000 people

• 10,200 will be subsidised units catering for households earning under R 3,500 per month; 5,100 units will cater for households earning between R 3,501 to R 15,000 and the balance private sector development
Cornubia – Broad Deliverables

- Phase 1 will deliver 2668 BNG units and it is intended that Phase 2 will deliver a range of housing typologies – double-storey, semi-detached, row, duplex; 3-4 storey walk-ups and multi-storey apartments in a village type environment, and will include rental stock.

- Public transport planned as part of the Bus-Rapid Transport system to link Cornubia to Umhlanga, Phoenix and Dube Tradeport in the North.

- Estimated that 43,000 permanent jobs and 387,000 construction job opportunities will be created, and sustained over a 15–20 year period.

- Development will improve the rates base of the City over time, bringing in millions in rates revenue per annum for eThekwini Municipality.
## Targets and Timeframes

### Phase 1 A: Completed – 482 Units

### Phase 1 B: Anticipated Completion Dates

<table>
<thead>
<tr>
<th>Sub-Phases</th>
<th>1 B1 642 units [Sequential]</th>
<th>1 B2 742 units [Parallel]</th>
<th>1 B3 803 units [Parallel]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serviced Sites</td>
<td>December 2014</td>
<td>April 2015</td>
<td>February 2015</td>
</tr>
</tbody>
</table>
# Targets and Timeframes

## Phase 2: Anticipated Commencement Dates

<table>
<thead>
<tr>
<th>Sub-Phases</th>
<th>2A</th>
<th>2B</th>
<th>2C</th>
<th>2D</th>
</tr>
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<tbody>
<tr>
<td>2892 units</td>
<td>3745 units</td>
<td>4208 units</td>
<td>1625 units</td>
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<table>
<thead>
<tr>
<th>Serviced Sites</th>
<th>July 2015</th>
<th>January 2016</th>
<th>October 2016</th>
<th>July 2018</th>
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<tbody>
<tr>
<td>Top Structures</td>
<td>February 2016</td>
<td>February 2018</td>
<td>February 2018</td>
<td>January 2020</td>
</tr>
</tbody>
</table>
Creating a fine grain walkable residential precinct structured around courtyards and well defined streets as a basis for building a sense of community.

Arranging units in a way that creates a sense of community and place.
Phase 1 B at Implementation

Phase 1 A – Completed
Cornubia Industrial and Business Estate – provides 80 ha of platform with 480,000 m² of bulk platforms.

80% of sites sold
First units to be ready for occupation
In order to create a balanced community and an integrated human settlement, it is imperative that appropriate social facilities are provided.

The development is based on a new approach focussed on social facility clusters.

The concept of walkability is key in locating centres for facilities particularly schools. The framework aims at distributing schools and other facilities within a 5 minute walk.
Outcomes

A Truly Integrated Human Settlement Development where you can
Live, Work, and Play
Partnerships between different spheres of government, and between government and the private sector

Joint venture initiative between National and Provincial Department of Human Settlements, eThekwinini Municipality and Tongaat Hulett Developments

Cornubia will be a mixed-use, mixed-income development

Incorporates industrial, commercial, residential and open space uses

Developed over a period of approximately 25 years - becoming a truly Integrated Human Settlement

This is a long-term development initiative, intended to serve many communities over time

This is an important project from a social integration point of view.
Outcomes

• Cornubia is a multi-billion rand investment project.

• This contributes significantly to the tax base of the country with an estimated R 237 million rand in rates revenue for the city every year and VAT, in the region of R 1,5 billion. Income tax is also anticipated to be R 1,43 billion.

• The entire development is expected to create approximately 43 000 new sustainable jobs and 387,000 short-term construction job opportunities over a 15-year period. The project’s close proximity to the King Shaka International Airport and Dube Tradeport increases employment opportunities for the project beneficiaries.

• This ensures that housing is also used as an employment generation strategy.

• To date, a total of 39,750 person days of employment has been created through construction related activities, of these 57% are youth and 20% women.
Apart from these formidable investment and employment benefits, the most significant benefit of Cornubia is that it offers us a rare opportunity to build a future city premised on:

- Providing for an equitable city
- Enabling social integration across communities
- Providing newer forms of integrated human settlements, and
- Changing the lives and fortunes of the people of eThekwini.
• Slums Clearance

• Relocation from Transit Camps

• Special Needs:
  i. Senior Citizens
  ii. Disabled
  iii. Child Headed Households

• Strategic Relocations: Obstruction of future developments that have economic, social or environmental significance

• Informal Settlements in close proximity to Cornubia

• Demographic representation
The first residents arrive at Cornubia.
Phase 1 A: Allocations
Phase 1A: Allocations
## Development Costs

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>ANTICIPATED QUANTUM OF CONTRIBUTION</th>
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<tbody>
<tr>
<td>National/Province/eThekwini</td>
<td>R 10.4 billion</td>
</tr>
<tr>
<td>Tongaat-Hulett</td>
<td>R 14.3 billion</td>
</tr>
<tr>
<td>South African Sugar Association (SASA)</td>
<td>R 1.1 billion</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>R 25.8 billion</strong></td>
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</table>
## Development Costs: Phase 1

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Funds Ring Fenced by National</th>
<th>Approved by Province</th>
<th>Paid to eThekwini</th>
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<tbody>
<tr>
<td>Land - 659 ha acquired</td>
<td></td>
<td>R 336,8 m</td>
<td>R 336,8 m</td>
</tr>
<tr>
<td>2011-2012</td>
<td>R 132 m</td>
<td>R 44,8 m (Ph 1 A)</td>
<td>R 43,3 m</td>
</tr>
<tr>
<td></td>
<td></td>
<td>R 230,8 m (Ph 1 B)</td>
<td>R 34,5 m</td>
</tr>
<tr>
<td>2012-2013</td>
<td>R 113,8 m Phase 1 B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2013-2014</td>
<td>R 120,7 m Phase 1 B</td>
<td>-</td>
<td>R 40,0 m (Ph 1 B)</td>
</tr>
<tr>
<td>2013-2014</td>
<td>R 57 m (Special)</td>
<td>R 57 m</td>
<td>R 57 m (Phase 1 A and Phase 1 B)</td>
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<tr>
<td>2014/2015</td>
<td>R 97,85 m</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>R 669,4 m</td>
<td>R 511,6 m</td>
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### Expenditure to Date

**Public Sector Contribution**

<table>
<thead>
<tr>
<th>Phases</th>
<th>USDG</th>
<th>HSDG</th>
<th>Total</th>
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<tbody>
<tr>
<td>Phase 1A</td>
<td>R 52 m</td>
<td>R 49 m</td>
<td>R 101 m</td>
</tr>
<tr>
<td>Phase 1B</td>
<td>R 87 m</td>
<td>R 19 m</td>
<td>R 106 m</td>
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<tr>
<td>Total</td>
<td>R 139 m</td>
<td>R 68 m</td>
<td>R 207 m</td>
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- **Exclusions:** Bulks, Interchanges, Land Cost

* **Average Unit Cost:** R 210 000 [Inclusive of Servicing the Site]

**Private Sector Investment:** R 350 m
Challenges

• Details of the MOA between Department of Transport and the City which determine the cost sharing percentages are still being discussed.

• Agreement for funding and cost sharing for the bridge over the N2 which is a key linkage and forms part of the Integrated Rapid Public Transport Network remains a challenge. eThekwini Transport Authority have indicated that there is an opportunity to include this into the M41/N2 contract with SANRAL. The design has been finalized and this will provide a significant link into Cornubia via Gateway, which will also open up this portion of the development for housing.
Challenges

- Ground conditions resulting in increased costs of product – Poor geotechnical ground conditions that could not have been detected prior to implementation stage resulted in additional imported fill material and large amounts of spoil material.
  
  - Total cost of accommodating the spoil material, both on and off-site: R 46 m
  - Also resulted in three months delay in the construction period

- Compliance with municipal bylaws with regard to management of stormwater – gutters and downpipes best option to ensure compliance – additional cost of R 17.5 m [2186 units]
Challenges

• Funding for bulks, mainly roads: Cost sharing agreements not concluded [Coordinated planning is still a challenge]

• Lengthy Supply Chain Management processes [4-8 months – plus appeals, plus litigation]

• Delays in ensuring integrated delivery e.g. schools, temp schools and transport for scholars in the interim

• Demands for housing far exceeds the planned supply

• The study area is characterised by steep and undulating topography, wetland areas and floodplains

• The wetlands, drainage lines occupies approximately 28 percent of the site
Challenges

• Densification Subsidy: Need to maximise the investment in the BRT with higher densities to make it viable

• Noise Contour Restriction on use of land for residential development: Large portion of land owned by eThekwini falls within 2035 55 db Noise Contour and zoned for General Business and Light Industry
Lessons Learned

- Social profiling of potential beneficiary at early stage
- Stakeholder management accord
- Strong IGR with a clear plan of eliminating backlogs
- Separation (?) of scope – top structure and civil works
- Framework on employment opportunities
- Multiple procurement strategies
Lessons Learned

• Provide for adverse ground conditions including identifying spoil sites within the project. Allow for adequate contract financial authority to manage variations, as obtaining additional authority is a lengthy process.

• Lengthy Tender process implies planning well ahead of implementation date, but too much float here will erode contract period and restrict time to implement lengthy tasks.

• Allocation process to cater for scenario where beneficiaries who eventually delay the process due to lack of documents etc. resulting in houses remaining vacant for extended periods.
Tough Choices

• What would it take to drastically upscale delivery from the current rate of delivery to the 1.5 million national target?

• Does the answer lie in contracting the traditional big players with proven track records/ability to achieve economies of scale?

• Do we have the political appetite to manage the consequent empowerment deficit?

• Is there a model that can give us both?

• National ring-fenced and dedicated funding streams over and above provincial allocation?
INTEGRATED MIXED USE DEVELOPMENT: PRIVATE SECTOR PARTNERSHIPS

Industrial Development
• **Cornubia Industrial and Business Estate (CIBE)** almost fully sold out after launch in March 2012
• 70 ha platform area, predominantly warehousing, logistics and light industrial
• Provides several thousand job opportunities for residents on Cornubia
• 3 factories already operational
• Purchasers include listed property funds, large developers, and end-users
Cornubia: Industrial Phase 1

- 67 ha platform sold in 2 years
- SED Framework and Implementation
- Blackburn Link/Northern Drive under construction in partnership
INTEGRATED MIXED USE DEVELOPMENT: PRIVATE SECTOR PARTNERSHIPS

Commercial / Business / Residential Opportunities
• Investec developer of large 85,000 m² Cornubia Shopping Centre, to open in Q4 2017

• Recently released Cornubia Business Hub - 85,000 m² mixed-commercial use

• Will unlock Umhlanga Hills and N2 Business Estate precincts (2017/2018 timing)

• Both nodes highly accessible along the proposed Go Durban (IRPTN) routes
INTEGRATED MIXED USE DEVELOPMENT: PRIVATE SECTOR PARTNERSHIPS

Affordable Housing
• Private sector to develop over 10 000 units, bulk of which will be affordable, catering for those earning less than R18000/pm, to be phased over time and led by the market

• Leading affordable private education operators (Curro, AdVtech etc) interested. 1st school to open in January 2018

• Opportunity to pilot an Employee Assisted Housing (EAH) scheme or project on Cornubia within next few years, and utilise various mechanisms and instruments (eg. FLISP, etc)
INTEGRATED MIXED USE DEVELOPMENT: PRIVATE SECTOR PARTNERSHIPS

Social Infrastructure and Cornubia Social Sustainability and Innovation Programme [SSIP]
Providing for socially stable and healthy communities:

• A key aspect is the provision of social infrastructure to ensure that the future communities social needs are catered for

• The planning of Cornubia allows for the development of several social facility clusters as part of the overall development

• These social facility clusters will integrate different facilities, to allow residents easy access to a range of activities in one place

• In the 1st phase of Cornubia, there are two clusters comprising 2 primary schools, 1 secondary school and a multipurpose hall catering to sporting and other social events

• In total there will be 8 social facility clusters providing almost 10 high schools and over 20 primary schools and related pre-primary/creche facilities
Proposed Six Star Green Rated School for Phase 1
The Cornubia Social Sustainability and Innovation Programme (SSIP) is an opportunities and human capacity development incubator, aimed at facilitating linkages between local residents with economic opportunities in the greater Umhlanga area.

- **A maximum employment** goal has been adopted at Cornubia to ensure greater economic participation opportunities.
so far so good
but our backlog
remains significant …
Cornubia North

- Extension of Cornubia that more than doubles the current housing yield
- 30 000 additional housing opportunities
- Partnership opportunity with Tongaat Hulett
- Existing infrastructure supportive
- Framework Planning engagement
- Early EIA stages
DEVELOPMENT PHASES

PHASE 1
[Current Project]

PHASE 2
[Cornubia North]

PHASE 3
[Cornubia North]
Beyond Cornubia

“Plan of Hope”
- New Investment of > R215bn
- > 330 000 permanent jobs
- > R3.4 bn annual rates
- Potential 15-20 year timeframe

- >160 000 houses across whole spectrum of affordability
- 3.5million sq. m. of commercial floor area
- >1 100 hectares of industrial/business platform
- >1 200 resort/hotel rooms
- Tens of new schools, social facilities
- +- 4 000 ha open space
THANK YOU

“We have come a long way – Celebrating 20 Years of Freedom!”