

Real Estate Law

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SOUTH AFRICA

- Mixed-use developments: The pros and cons



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Mixed-use developments: The pros and cons

Mixed-use sectional schemes in South Africa have gained popularity for their potential to offer diverse and integrated living and working spaces. However, like any concept, they come with both advantages and disadvantages.

Pros

- 1. Diversity of spaces:** Mixed-use sectional schemes provide a variety of spaces, including residential, commercial and recreational areas, within a single development. This diversity can create a vibrant and dynamic community.
- 2. Convenience:** Residents can enjoy the convenience of having essential services, retail outlets and recreational facilities within walking distance. This can save time and reduce the need for extensive travel. The appeal of this option for areas where space is limited is evident, for example in city centres.
- 3. Economic opportunities:** The commercial spaces within mixed-use developments offer opportunities for entrepreneurship and local business growth or, potentially, gentrification of an area in a more holistic manner. This can contribute to economic development within the community.
- 4. Increased property values:** Having a mix of residential and commercial spaces can potentially increase property values. The appeal of a self-contained community with various amenities can attract buyers and investors.

- 5. Community engagement:** Mixed-use developments often encourage community engagement and interaction. Shared spaces and facilities can foster a sense of community among residents.

Cons

- 1. Traffic and congestion:** The combination of residential and commercial spaces may lead to increased traffic and congestion, especially during peak hours or commercial deliveries. This may impact quality of life for residents and the overall functionality of the development. However, with proper planning and well-developed management and conduct rules the congestion can be managed skilfully.
- 2. Noise and disruptions:** Commercial activities may generate noise and disruptions, affecting the tranquillity of residential spaces. Balancing the needs of businesses and residents can be challenging, however, well-executed and thought-out developments have proven that a clever medium does exist where smart planning has been accomplished.
- 3. Zoning and regulatory challenges:** Establishing and maintaining mixed-use developments may face zoning and regulatory challenges. Municipal regulations and zoning laws must accommodate the mixed-use nature of the development. In South Africa, most metropolitan municipalities are familiar with the mixed-use development concept. However, various factors need to be considered by the municipality before a mixed-use scheme is approved for development, including the existing local authority infrastructure and capacity, similar developments, facilities and amenities supportive of the new development.

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4. Limited control for residents: Residents might have limited control over the commercial spaces, leading to potential conflicts regarding issues like noise, business hours and overall management of shared areas.

The last con can be managed with skilful legal input drafting the Body Corporate Management and Conduct Rules so that they deal with the interests of the various owner categories, such as residential, retail and commercial. The appointment of representative trustees to further protect the interests of each group, depending on their preponderance within the development, can also help. This may entail different levy structures or voting rights designed to ensure that the affairs and enjoyment of all can be achieved in a fair and reasonable manner.

While mixed-use sectional schemes in South Africa offer an array of benefits such as diversity, convenience and economic opportunities, they also pose challenges related to traffic, noise, regulatory hurdles and maintaining a harmonious balance between different functions. Careful planning, community involvement and effective management are essential for the successful implementation of mixed-use developments.

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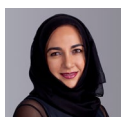
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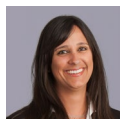
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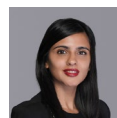
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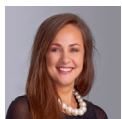
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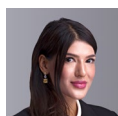
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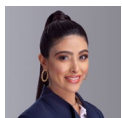
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BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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