

How rezoning your property could provide an opportunity for growth

Rezoning is emerging as a viable option for a diverse set of property owners to make the most of their assets. This involves changing the designated use of a property, as defined by local ordinances, from one category - such as residential in this case - to another.

Paul Stevens, CEO of Just Property, delves into the reasons why owners might consider this move.

Diversification amidst market uncertainty

Like many across the globe, South Africa's property market is currently facing a period of uncertainty due to the ongoing impact of global geopolitical shifts and the aftermath of the pandemic. Although traditionally a stable investment, residential property can be subject to market fluctuations.

"Rezoning can allow property owners to diversify their portfolio, mitigating risk, and potentially achieving a more stable return on investment," says Stevens.

"With many areas in traditionally single-erf suburbs earmarked for higher density, the opportunity exists to improve a property's value to developers," says Stevens. "Similarly, getting a large property cleared for subdivision can also make it more attractive to buyers and developers. Generally, we find a seller in this position can stand their ground on pricing (should it be a market-related selling price)."



Paul Stevens, CEO of Just Property. Source: Supplied

Capitalising on urbanisation and commercial growth

Urbanisation is driving demand for commercial and mixed-use properties in South Africa's major cities like Johannesburg, Cape Town, and Durban. "If a property is in the structure plan to be rezoned for business purposes, generally this does add value," Stevens confirms.

Rezoning a residential property on the edge of or in a business node to commercial can present opportunities for business operations, rental income from businesses, or even selling the property at a higher price due to its increased utility and demand, he adds.

Answering the call for affordable housing and social services

In many of South Africa's urban and peri-urban areas, there is a pressing need for affordable housing and social services. Rezoning to multi-unit residential or community services could provide a socially conscious and economically viable solution to this problem. Property owners can potentially benefit from government incentives intended to encourage such developments.



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The rise of remote work culture

The global shift towards remote work has led to an increased demand for coworking spaces and home offices. Rezoning a residential property to mixed-use could allow a portion of the property to be utilised for commercial purposes, thus meeting this new demand.

Agricultural revival and sustainable living

The push for sustainability and food security has led to a renewed interest in small-scale farming, particularly in peri-urban and rural areas. Rezoning a property for agricultural use could prove beneficial in this regard, tapping into a market that's likely to grow in the coming years.

What's involved in rezoning your property?

"Changing your zoning classification can be a long, complex process which can take up to two years, or even more in some cases. The process incurs expenses, including advertising and documentation costs, professional service charges, application fees, and the transportation development levy to be paid to the municipality," warns Stevens.

"It is possible to take on the rezoning process yourself but be prepared for a tedious process. Commercial brokers and residential property practitioners can provide advice and liaise with town-planning consultants and the council, but drawing on the expertise of seasoned lawyers, architects, or town planners is recommended. "

According to Stevens, the initial stage involves contacting the town-planning department of your local municipality to ascertain whether your property is situated in a zone designated for high-density development or falls into a business zone. If not, it will be necessary to file for a zoning deviation.

The property owner or their consulting professional should submit a proposal explaining the necessity for changing the property's zoning. It's advisable to highlight the positive impact this change could bring to the area (such as the benefits of the proposed new use) and its possible benefits for others.

"You'll need to engage with the public and announce your plans in local newspapers (and the provisional Gazette), giving sufficient time for potential objections to be made," Stevens notes.

If you receive approval from Town Planning, the application is then forwarded to the city council for consideration. "Be aware that you may well receive objections from your neighbours and the broader community – it is also possible that council will not approve your application. So do not proceed with any development until you've ticked all your boxes," Stevens warns.



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Is it worth it?

"Buyers prefer to purchase property that is already rezoned. As you can see from the above, it is a lengthy, sometimes frustrating process. And for that reason, they are prepared to pay more for a property that has already been rezoned or had its application approved.

"Property owners who are prepared to go through the pain themselves can make a significant profit on their original purchase price," says Stevens. "Rezoning could present a strategic opportunity in the face of South Africa's evolving

property market landscape.”

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