

HOUSING DEVELOPMENT AGENCY: BRIEFING FACT SHEET

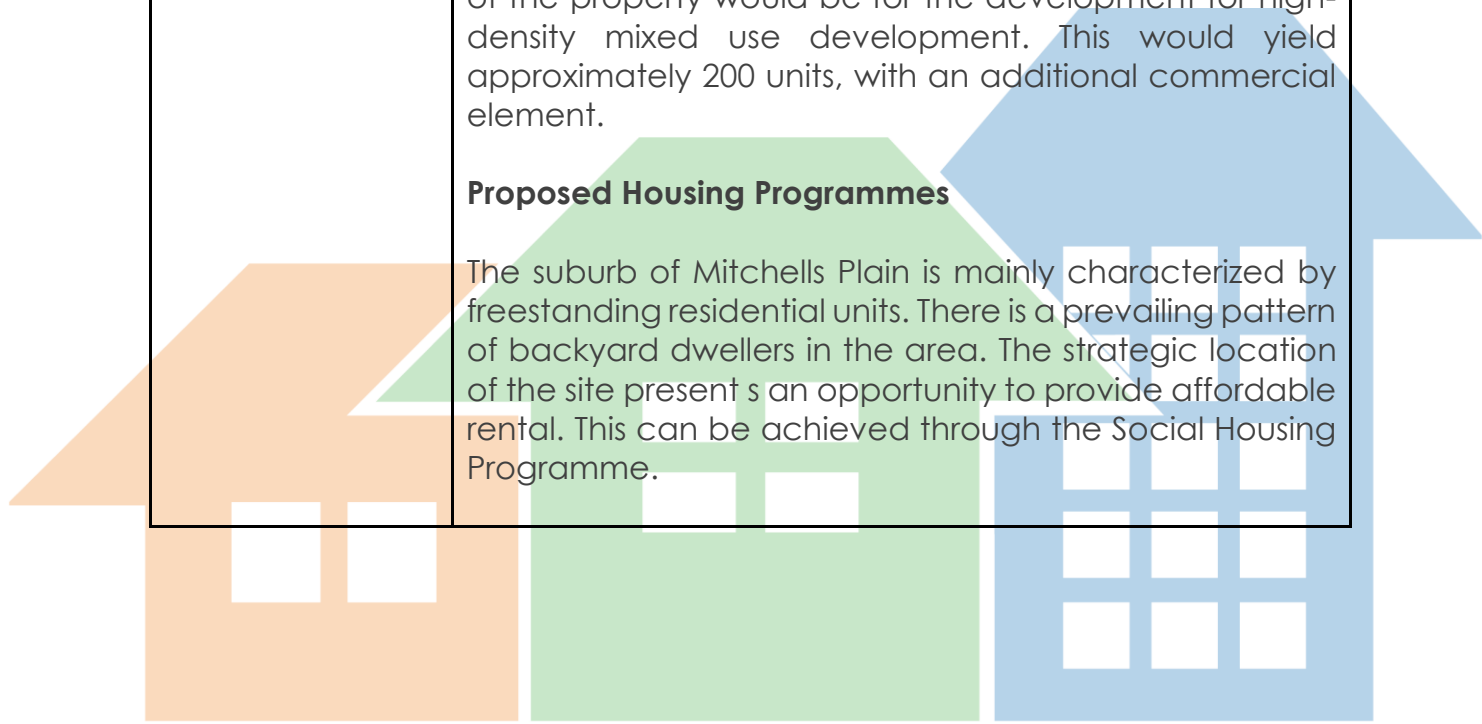
Project Name	Erf 11473 Mitchels Plain		
Prepared By	Phumlani Mbulawa – Regional Manager: Region A		
Prepared For	National Council of Provinces		
Date of Briefing	30 March 2022		
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Property Description	Erf 11473 Mitchels Plain
Extent	1.3566Ha
Background	<p>The City of Cape Town appointed auctioneers to auction approximately 19 properties to the open market for diverse land uses. The proposed uses range from single residential properties, business to industrial sites.</p> <p>The Agency assessed the properties outlined in Annexure A referred to above, and recommended the following</p>

	<p>properties for further investigation for human settlement purposes</p> <table border="1"> <thead> <tr> <th>Property Description</th> <th>Extent</th> </tr> </thead> <tbody> <tr> <td>11473 Mitchells Plain</td> <td>1.3566Ha</td> </tr> <tr> <td>Erf 48536 Newlands</td> <td>1690 m²</td> </tr> <tr> <td>Erven 53791 and 53792 Claremont</td> <td>1450 m²</td> </tr> </tbody> </table> <p>On further investigation and consultation, Erf 48536 Newlands as well as Erven 53791 & 53792 Claremont were excluded as part of the expression of interest by the HDA and ultimately recommended the subject property, Erf 11473 Mitchells Plain, for human settlement purposes. A copy of the Feasibility Assessment Report for Erf 11473 Mitchells Plain is attached as Annexure A.</p>	Property Description	Extent	11473 Mitchells Plain	1.3566Ha	Erf 48536 Newlands	1690 m ²	Erven 53791 and 53792 Claremont	1450 m ²
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11473 Mitchells Plain	1.3566Ha								
Erf 48536 Newlands	1690 m ²								
Erven 53791 and 53792 Claremont	1450 m ²								
Engagements	<p>The Agency via the office of the Minister on 01 February 2022 directed correspondence to the City of Cape Town to consider withdrawing the proposed auction in relation to properties that are deemed to be potentially suitable for human settlements development. A copy of the correspondence is attached as Annexure B.</p> <p>The City of Cape Town response dated 03 February 2022 to human settlements correspondence is attached as Annexure C. Effectively, from the properties proposed to be withdrawn from the auction, the City has agreed to withdraw the auction except in relation to erf 48536 Newlands, which has heritage status and therefore the proposed student accommodation development proposal may not be feasible. Erven 53791 and 53792 Claremont are considered too small for any meaningful development impact.</p> <p>The Agency team met with the responsible team from the City of Cape on 23 February 2022 to negotiate the land disposal terms and conditions. A copy of correspondence dated 02 March 2022 received from the City of Cape Town pursuant to the discussions held is attached as Annexure D.</p>								
Disposal Proposal Conditions	<p>In terms of the City correspondence referred to above as Annexure D, the City has offered to dispose erf 11473 Mitchells Plain measuring approximately 1.3566 hectares subject to the following conditions:</p>								

	<p>a) HDA acquires the entire property (market value R7.5 million) from the City of Cape Town at 10% of its current market value, R750 000.00</p> <p>b) HDA pay the City of Cape Town an amount equivalent to the commission of 2% of the full market value, i.e R150 000.00 to compensate the City for losses incurred as a result of the auction commission mandate between the City and the Auctioneers.</p> <p>c) HDA be responsible for the registration of City services servitude in extent approximately 3364m2 in favour of the City.</p> <p>d) The Sale Agreement be subject to reversionary clause which provides for the reversion of the property at no cost to the City should development on the property not be commenced with within ten years from the date of transfer of the property in the names of the Agency.</p>
<p>Legal Implications</p>	<p>The Agency is legislatively authorised to acquire land for human settlements development. The disposal conditions are considered reasonable and will be accommodated in the sale agreement to be concluded with the City.</p>
<p>Financial Implications</p>	<p>An amount of R900 000.00 is required for the proposed transaction, excluding the transfer and registration fees</p>
<p>Development Proposal</p>	<p>Proposed Densities</p> <p>Given the strategic location of the subject property, and the City of Cape Town's vision for a mixed use development with a commercial element; the best use of the property would be for the development for high-density mixed use development. This would yield approximately 200 units, with an additional commercial element.</p> <p>Proposed Housing Programmes</p> <p>The suburb of Mitchells Plain is mainly characterized by freestanding residential units. There is a prevailing pattern of backyard dwellers in the area. The strategic location of the site presents an opportunity to provide affordable rental. This can be achieved through the Social Housing Programme.</p>



	Cost per Housing Opportunity
	<p>The City of Cape Town has proposed an acquisition price of approximately R900 000, 00; which is R750 000, 00 (10% of total land value) and R150 000, 00 (2% Commission for the auctioneer). Given the conservative estimate yield of 200 opportunities, the cost per housing opportunity would be at approximately R4500, 00. That would represent a potential for a high Return On Investment.</p>

List of Annexures

- Annexure A : Assessment Report for Erf 11473 Mitchels Plain
- Annexure B : Correspondence to the CoCT - 01 February 2022
- Annexure C : Response from CoCT - 03 February 2022
- Annexure D : Summary of Negotiations held on the 23 February 2022



**Annexure A :
Assessment Report for Erf 11473 Mitchels Plain**





FEASIBILITY ASSESSMENT REPORT

ERF 11473 MITCHELS PLAIN

CITY OF CAPE TOWN METROPOLITAN MUNICIPALITY
WESTERN CAPE PROVINCE

MARCH 2021

Working for Integration



Strengths/Opportunities	Weaknesses/Threats
Located within PSHDA MSDP and District Plan encourages spatial transformation and investment targeting.	25% of the site not developable due to servitudes
environmental, infrastructure and municipal planning, development potential presents an opportunity	Rezoning Approval for mixed-use is due to lapse in May 2022.
Cost per housing opportunity at R4500 represents potential for great ROI	Objections from surrounding land uses

EXECUTIVE SUMMARY: ERF 11473 MITCHELLS PLAIN	
Property Description	ERF 11473 Mitchells Plain
Location	5 Lancaster Rocklands, Mitchells Plain, Cape Town.
Ownership	City of Cape Town
Extent	13 566m ² (approx. 1Ha developable)
Existing Zoning	Mixed Use 1 Zoning
Existing Land Use	vacant
PHSHDA	YES
SDF alignment	Mitchells Plain falls within the Urban Inner Core. The underlying principle is committed to spatially targeting investment and development to spatially transform and integrate city form.
Urban Edge	YES
Infrastructure Availability	Yes – Properties are located within a fully developed and serviced area.
Development Potential	Strategic location of the site deems it suitable for mixed use development comprising of commercial and social housing
Estimated Yields	100 oportunities @ 100du/ha 200 oportunités at higher-density
Recommendation	Recommended for acquisition for mixed use development (commercial and social housing)

1. VERIFICATION OF THE INFORMATION

1.1. Property Profile

The profile of the subject properties is as follows;

Property Descr.	Owner	Title Deed No.	Extent (Ha)
Erf11473	City of Cape Town	T60864/1983	13 566m ²
TOTAL			13 566m²

Table 1: Property Profile

1.2. Locality of the Property

The property is located in Mitchells Plain. The address is 5 Lancaster Rocklands, Mitchells Plain, Cape Town.

2. MUNICIPAL AND POLICY ALIGNMENT

2.1. Zoning

The Municipal Zoning of the property is Mixed Use 1. The Primary uses of Mixed Use 1 Zoning includes and not limited to boarding house, flats and business premises.

2.2. SDF alignment

In terms of the Spatial Transformation Agenda, the township of Rocklands, Mitchells Plain falls within the Urban Inner Core. The underlying principle is committed to spatially targeting investment and development to spatially transform and integrate city form. There is a need for incremental human settlement initiatives with the spatial outcome to facilitate of a range of human settlement interventions (delivery methods, partnerships, typologies etc).

2.3. Priority human settlement and housing development area

The property is located within the Khayelitsha Corridor PSHDA.

3. CURRENT USE

The subject property is currently vacant.

4. SURROUNDING LAND USES

The property is found within an existing settlement. A mix of land uses such as shopping centres, mix density residential and service stations and schools which support a settlement are found surrounding the site.

5. PHYSICAL FEATURES

The site is relatively flat with no major environmental risks that will hamper proposed development.

6. SERVICES AND BULK INFRASTRUCTURE

The site is found within an existing settlement where access to bulk water, sanitation, electricity and stormwater is readily available. Bulk requirements of a proposed development will be accessed from the existing network.

7. DEVELOPMENT CONSTRAINTS AND DEVELOPMENT POTENTIAL

7.1. Identified Risks and Development Constraints

7.1.1. Lapsing Development Rights

The subject property is subject to a Rezoning Approval in terms of which it was rezoned from Community 2 (CO2) to Mixed Use 1 (MU). The Purchaser shall be responsible for fulfilling all the Conditions of Approval. The extension of the rezoning approval will lapse on 31 May 2022. The renewal of the rezoning approval or the fresh application for the equivalent zoning shall be the responsibility of the Purchaser.

This has financial implications to the HDA and represents a risk given that the approval is due to lapse in the near future.

7.1.2. Environmental and Heritage Management

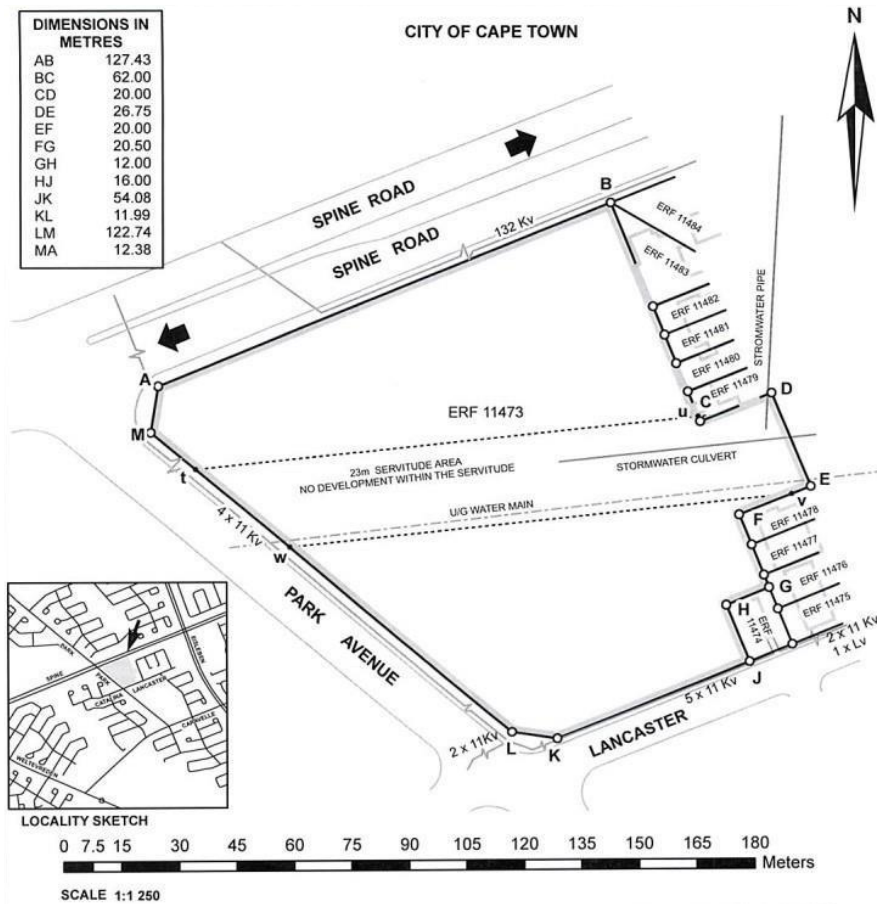
a) Any proposed development on the property will trigger the following activities identified in terms of section 38 of the National Heritage Resources Act, Act 25 of 1999:

- i. Section 38(1)(a): The construction of a road, wall, power line, pipeline, canal, or other similar form of linear development of barrier exceeding 300mm in length; and
- ii. Section 38(1)(c)(i): Any development or other activity which will change the character of a site exceeding 5000 m² in extent.

As a result, no development may take place until a Record of Decision (RoD) in support of the proposal has been obtained from the Provincial Heritage Authority i.e. Heritage Western Cape (HWC); and a Notification of Intent to Develop (NID) application form be submitted to the Environmental Resource Management Department of the City of Cape Town for commenting purposes and thereafter to Heritage Western Cape for assessment.

7.1.3. Servitude conditions

The property is subject to a 23m wide services servitude in favor of City of Cape Town. The servitude transverses the site in half and reduces the total developable extent by 3358m²



7.2. Development Potential

7.2.1. Estimated Yields

The total developable extent of the property is approximately 1Ha. Below are the high-level possible yields that could be achieved

Typology	DU/ha	Estimated Yield
Free-standing BNG	100DU/Ha	100
High-Density affordable Rental	200DU/ha	200

Table 3: Potential Yields

7.2.2. Proposed Densities

Given the strategic location of the subject property, and the City of Cape Town's vision for a mixed use development with a commercial element; the best use of the property would be for the development for high-density mixed use development. This would yield approximately 200 units, with an additional commercial element.

7.2.3. Proposed Housing Programmes

The suburb of Mitchells Plain is mainly characterized by freestanding residential units. There is a prevailing pattern of backyard dwellers in the area. The strategic location of the site

present s an opportunity to provide affordable rental. This can be achieved through the Social Housing Programme.

7.2.4. Cost per Housing Opportunity

The City of Cape Town has proposed an acquisition price of approximately R900 000, 00; which is R750 000, 00 (10% of total land value) and R150 000, 00 (2% Commission for the auctioneer). Given the conservative estimate yield of 200 opportunities, the cost per housing opportunity would be at approximately R4500, 00. That would represent a potential for a high Return On Investment.

8. CONCLUSION AND RECOMMENDATIONS

8.1. Conclusion

Erf 11473, Mitchells Plain presents an opportunity for a medium to high density development with a component of economic opportunity. The development parameters afforded by a Mixed Use 1 zoning presents such an opportunity. A mixed-use development is also supported by the district plan of the area. The environmental screening done on the property presents no environmental flaws that will impede on the proposed development. The physical character of the site supported by policy alignment supports a development which will seek to achieve compaction, integration and spatial transformation in

the area. Development to be done in compliance with all legislative requirements for urban development.

8.2. Recommendation

With consideration of the environmental, infrastructure and municipal planning and development opportunity presented by the property, it is recommended that the site be pursued for acquisition for integrated human settlements (mixed use development with commercial and social housing component)

**Annexure B:
Correspondence to the CoCT - 01 February 2022**





**MINISTER
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA**

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Website: dhs.gov.za Toll Free Line: 0800 148873

Clr. Geordin Hill-Lewis
Executive Mayor
City Of Cape Town Metropolitan Municipality
Cape Town
8000

Dear Colleague,

**Proposed Auction Of Land and Property By The City Of Cape Town
On 10th February 2022**

Our discussion on the 1st February 2022 on the above-mentioned matter has reference.

As advised in terms of the national, provincial and municipal mandate on housing and human settlements, it is imperative that we maximize the utilization of state and public land to eradicate the current backlogs and access to housing across for all households.

In relation to the abovementioned auction, the Housing Development Agency (HDA) has conducted an analysis of the land and properties which have been identified to form part of the auction, and advise the following:

1. There are three properties which are suitable for the planning and development of subsidised affordable and/or rental housing. These are erven 11473 Mitchells Plein, 48536 Newlands, 53791 and 53792 Claremont and are requested to be made available to the Provincial Department of Human

Settlements and/or Housing Development Agency for development of housing.

2. There are two properties in Atlantis which are zoned non-residential zonings, and the sale of these properties should be made conditional that there should be no change or amendment of the zonings.
3. In respect of all the other land and property to be auctioned, it is requested that the City of Cape Town must ensure that required socio-economic transformation, fairness and equity achieved through the sale of the properties.
4. In respect of (3) above it is requested this should include limitations and safeguards are put in place to prevent downward raiding of land, speculation, churn and profiteering of land and property at the expense of fair and equitable access to housing. This may include prohibition of sales of more than one property to an individual, as well as income and preference to first time homeowners.

It would be appreciated if your office confirms agreement with our proposals, and the properties as requested will be withdrawn from the proposed auction.

Your support, assistance and cooperation in the resolution of this matter is appreciated.

Yours Sincerely,



Ms. M.T. Kubayi (MP)
Minister of Human Settlements

Date: 01/02/2022

**Annexure C:
Response from CoCT - 03 February 2022**





Dear Minister Kubayi

RE: City auction of land: 10-Feb-22

1. Thank you for your letter of 1 February 2022 pertaining to the above, and the interest shown by the National Government in the City of Cape Town's upcoming auction. I welcome any engagement with your office on the means by which to maximise the use of public land. I am committed to enabling more affordable housing for Capetonians.
2. Having now consulted with our officials, I am able to confirm that with regard to the properties mentioned by you in your correspondence under reply, a detailed lengthy disposal process (which has included both public participation and Council resolution) has been pursued by the City to reach this point with respect to each site in question.
3. As you are aware, the City's Land Assessment Protocol comprises a series of mechanisms to ensure that strategic planning and development potential of land is taken into account on each decision, so as to drive the City's strategic spatial development policies, build integrated communities, and maximise the utilisation of our assets.
4. This process was applied to each of the erven included in this auction, which includes inter alia, consultation both departmentally and externally in the affected communities.
5. Prior to putting these properties to auction, notice was given to the National and Provincial Government. I am advised that neither sphere of government provided comment or raised any concerns in this regard.
6. This notwithstanding, I am happy to engage at this late stage on the potential use of the three sites which you have identified in your letter.

In this regard, I advise as follows:

- Erf 11473 in Mitchells Plain was initially identified by our Transport Department for use as a MyCiti bus depot. In 2014 this requirement fell away. The economic, demographic, and spatial context of the property were then considered, and a rezoning application from Community Zone 2 to Mixed-use subzone (MU1) was deemed appropriate, with the aim to maximise the use of the property for a mixed-use development within the Mitchells Plain context. This kind of development is very important in Mitchells Plain, where there is a shortage of available open market units for sale, and available space for small businesses.
- I note that the Housing Development Agency (HDA) report which you have referenced in your correspondence (and which our colleagues at the Western Cape Government have provided to us), also recommends the mixed-use of this property as optimal. Presumably, should the HDA acquire this property, a sub-division would be necessary as the HDA does not have a mandate with respect to commercial development. The mixed-use zoning, including the commercial development which is envisaged, is an essential component for the future growth of Mitchells Plain ie. so as to allow small commercial entities and professionals to establish businesses within the community. It is this thinking which I am advised drove the application to rezone this erf before disposal. I am advised further that the Site Development Plan, which was attached to the rezoning approval, will form part of any sale agreement ultimately concluded with a third-party, so as to ensure the City's vision in this regard is achieved. Also, it must be noted that the erf has a substantial services servitude running through the middle of it, measuring approximately 3 364m² in extent, which further constrains development potential. The above notwithstanding, should the HDA still wish to purchase this erf for housing purposes, the City has no objection to this on condition that a reversionary right is registered against the property in order to ensure that the required socio-economic transformation via development of the land, envisaged by the City is still achieved by the HDA within a reasonable time.
- Erf 48536 in Newlands is an improved single-storey dwelling with an age that exceeds 60 years and is protected by the National Heritage Resource Act. In addition, the north-east portion of the property is affected by flood-levels of a water course located on the north-east of the property, resulting in development to that extent being prohibited. I also draw your attention to the comment by the HDA in their assessment report saying the "property is not large enough to have meaningful impact on housing delivery for other human settlement programmes". Given the development impediments imposed on any heritage protected building, with respect to redevelopment, renovation and/or demolition, coupled with the water course constraints, I am advised that this property is not suitable for human settlement development even as student accommodation, as mooted by the HDA in its report. It currently has only 3 bedrooms and its existing structure holds high value, best achieved by sale on the open market.

- Erf 53791 and 53792 Claremont are small erven, zoned for general residential. The HDA report, presumably being the basis of your request to me, recommends against the acquisition thereof. Their negative view of the potential of this site is based on the size and the consequent constraint of housing development at-scale.
 - Notwithstanding the view of the HDA, I note your request that this land be made available to the HDA for the development of housing. The City has no objection to making this land available for such purpose on condition that a reversionary right is included against the title deed, similar to that mentioned above.
7. All the above properties have already been placed with the auctioneer, who thus has an entitlement to be paid a commission based on the reserve value that has been provided to him. Should the City now determine to withdraw the two sites in question, the auctioneer's commission will become immediately due and payable. This cost, whilst not insurmountable, should be mitigated as far as possible. We thus require the HDA to express its interest in the three erven mentioned above, in writing, by no later close of business on Monday, 7 February. After that is received, the properties will be withdrawn from the auction whilst our respective officials further engage on the terms of the disposal.
 8. As regards paragraph 2 of your letter, I foresee no difficulty in the City placing a condition on the zoning of the two properties in Atlantis as suggested, and undertake to do so.
 9. As regards paragraph 3 and 4 of your letter, a detailed consideration of the nature and context of the erven in question reveals that socio-economic transformation, fairness, and equity, as well as the creation of employment opportunities, will indeed be achieved by the auction thereof of 10 February 2022.
 10. You will note that majority of the remaining erven are zoned single residential, and are hence only immediately suitable for individual family homes, for which there is great demand in Cape Town as you well know.
 11. The balance of the properties are being sold with very specific zonings and will have very little commercial value outside of that purpose. Opportunities for real estate acquisition and development underpin so many elements of our economic recovery. This stimulates the local economy and creates jobs through construction, generating revenue for municipal service delivery at the same time.

I trust the above meets with your approval and advise that the official with whom the HDA should communicate with regards to its interest in the purchase of the three properties in question is Ms. Ruby Gelderbloem, Acting Executive Director: Economic Opportunities and Asset Management: ruby.gelderbloem@capetown.gov.za

12. In closing, I wish to make a policy point, which we can discuss when we see each other next week. The problem in housing in South Africa is a dire shortage of available homes in the market. What is needed is many, many more units being delivered every year, with higher densities and bigger bulk. This will have the effect of catering to the massive demand in the more affordable segments of the market, and bring down prices across the board. This can be achieved, in the local government context, by using our most potent power - planning and zoning regulations – to intensify density and encourage more units onto the market as fast as possible. This also has the added benefit of supporting local government finances, which are in serious ill-health across the country.

The other, most effective way to deliver many more units as quickly as possible is to free up private initiative to do so, rather than relying on diminishing state resources as the primary delivery mechanism. Indeed, South Africa is rapidly being brought to the point where the state is no longer viewed as the primary mechanism for delivery of social goods. This is healthy for South Africa's future, and should be welcomed. There is a healthy, legitimate and leading role the private sector can and must play in delivering social goods – like more affordable housing – for all South Africans.

In Cape Town, we will release our land assets for more affordable housing opportunities, including much more social housing. I am daily engaged in the effort to do this. In the end, we know this will achieve a much greater social good than if every piece of state land were to be stored away for a distant time when their development may become possible.

Sincerely,



03/02/22

GEORDIN HILL-LEWIS
EXECUTIVE MAYOR

**Annexure D:
Summary of Negotiations held on the 23 February
2022**





02 March 2022

The Acting Chief Executive Officer
Housing Development Agency
Megawatt PARK
Sunninghill
GAUTENG
2191

For attention:

Daphney Ngoasheng - Acting CEO (Daphney.Ngoasheng@thehda.co.za)
Phumlani Mbulawa (Phumlani.Mbulawa@thehda.co.za)

EXPRESSION OF INTEREST CITY AUCTION OF LAND: DEVELOPMENT OF HUMAN SETTLEMENTS

Dear Sir / Madam

I refer to our meeting of 23 February 2022, and wish to thank you for the very constructive engagement.

I hereby wish to confirm the outcome of our discussion and the way forward with regard to the relevant properties.

1) Erven 53792 and 53791, Claremont.

The relevant properties are not suitable for social housing, and are therefore not required by the Housing Development Agency (HDA). The City will act on the properties as it deems appropriate.

2) Erf 11473 Mitchells Plain

HDA expressed its interest in acquiring this property for the development of state funded social / affordable housing thereon, and by agreement with the City and/or the Provincial Government Western Cape: Human Settlements.

In respect of such potential acquisition and disposal, the City proposed the following terms and conditions:

- HDA will acquire the entire property (market value R 7.5 m) from the City at 10% of its current market value, i.e. R 750 000.

- In addition the HDA will pay the City an amount equivalent to a commission of 2% of the full market value i.e. R150 000-in order to compensate the City for losses incurred as a result of the auction mandate between the City and High Street Auctioneers Company (Pty) Ltd (registration number Registration No 2010/019027/07) for the sale of a property by the "seller" within the mandate period.
- HDA will be responsible to register a services servitude, in extent approximately 3 364m² and as indicated in the attached plan, in favour of the City.
- The sale will be subject to a reversionary clause, which is to include a title deed condition and which will provide for the property to revert back to the City and at no cost to the City, should a housing development on the property not commence within 10 years from the date of transfer to the HDA.
- The disposal of the property to the HDA on the above terms is also subject to Council reviewing and rescinding its previous "in-principle" approval for the disposal of Erf11473 Mitchells Plain via a competitive process, and the approval of the sale of the property to HDA on the terms and conditions as set out above or agreed.

On confirmation of the above, the Property Management Department will proceed with the preparation of the necessary documents and process as well as the report to Council to authorise the disposal of Erf 11473 Mitchells Plain, to your agency on the above terms.

RUBY GELDERBLOEM
ACTING EXECUTIVE DIRECTOR: ECONOMIC GROWTH