

HOUSING DEVELOPMENT AGENCY: BRIEFING FACT SHEET

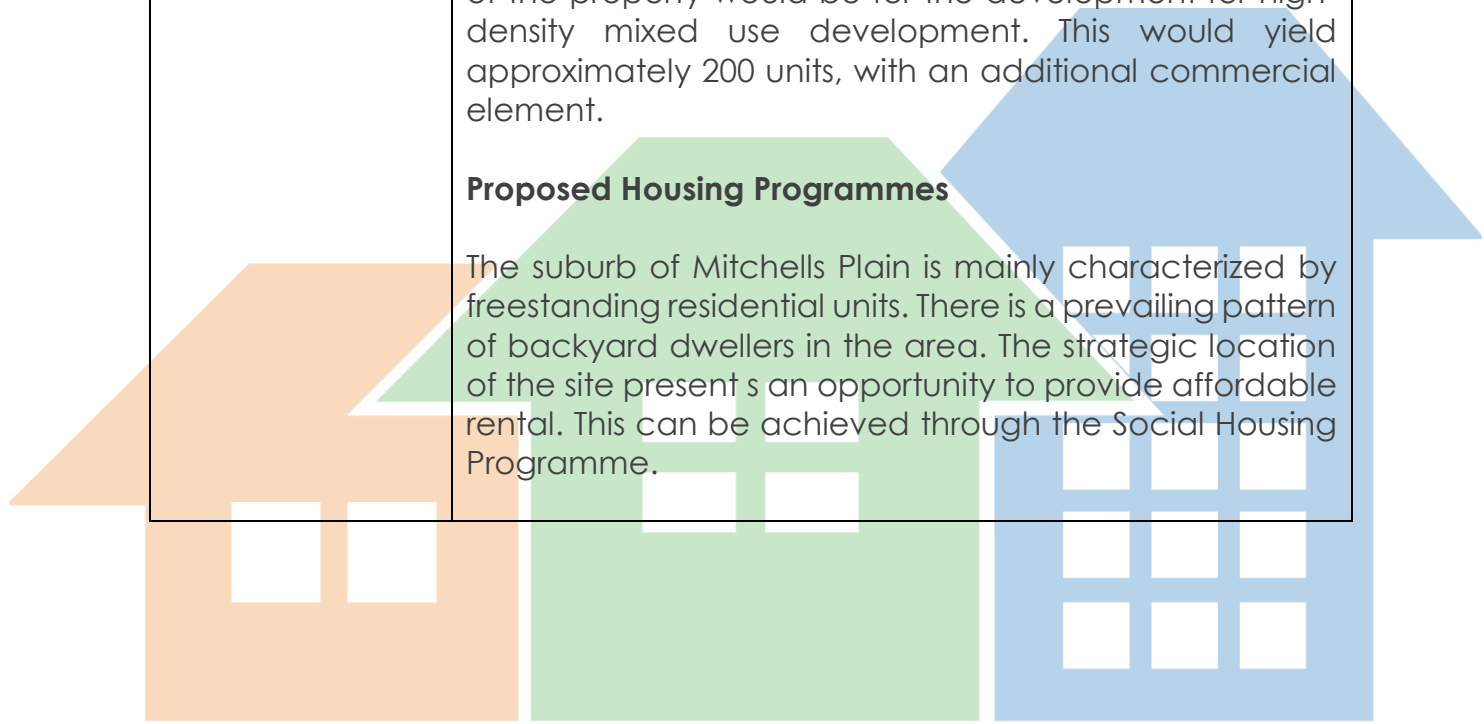
Project Name	Erf 11473 Mitchels Plain		
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Prepared For	National Council of Provinces		
Date of Briefing	30 March 2022		
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Property Description	Erf 11473 Mitchels Plain
Extent	1.3566Ha
Background	<p>The 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. A copy of the auction notice is attached as Annexure A.</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 B.</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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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 C.</p> <p>The City of Cape Town response dated 03 February 2022 to human settlements correspondence is attached as Annexure D. Effectively, from the properties proposed to be withdrawn from the auction, the City has agreed to withdraw the auction except in relation to erf 48536 Newlands, which has heritage status and therefore the proposed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 E.</p>								
Disposal Proposal Conditions	<p>In terms of the City correspondence referred to above as Annexure E, 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 : Auction Notice
- Annexure B : Assessment Report for Erf 11473 Mitchels Plain
- Annexure C : Correspondence to the CoCT - 01 February 2022
- Annexure D : Response from CoCT - 03 February 2022
- Annexure E : Summary of Negotiations held on the 23 February 2022

