

THE SPEAKER

COUNCIL ITEM

DISPOSAL OF RESIDENTIAL SITES FOR THE DEVELOPMENT OF AFFORDABLE HOUSING AND LAND FOR MIXED DEVELOPMENTS AS PART OF PROMOTING SUSTAINABLE HUMAN SETTLEMENTS AND IMPROVED QUALITY OF HOUSEHOLD LIFE

1. PURPOSE

The purpose of this report is to request the Mangaung Metropolitan Municipal Council's (Council) permission to dispose of residential sites in the Metropolitan Municipality for the development of affordable housing and land for mixed developments as part of promoting Sustainable Human Settlements and Improved Quality of Household Life

2. STRATEGIC INTENT

- Outcome 8: Promote Sustainable Human Settlements and Improved Quality of Household Life
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

3. FOR CONSIDERATION AND DECISION BY

Council

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4. INTRODUCTION

Residential property is the largest and most differentiated asset within any city and a significant part of a city's economy, especially insofar as it relates to household wealth, livelihoods, and the prospect of inclusive growth. As the property market grows and develops, housing can be an instrument of economic transformation with property values growing faster than inflation and offering leapfrog opportunities to lower income households as they benefit from the appreciation of their housing asset.

This creates further opportunities to leverage property with finance, supporting the development of small businesses which is so important in the context of low employment. At the same time, this activity contributes to a growing revenue base for the city, and improves its ability to invest in further growth and deliver appropriate services to the breadth of its population.

5. DISCUSSIONS

Section 26 of the South African Constitution (Act 108, 1996) states: *'Everyone has the right to have access to adequate housing. The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right'*. As a way of responding to this Constitutional requirement; the Mangaung Metropolitan Municipality called for proposals and invited bidders for the development of amongst others, Vista Park Extension 2 and 3 under Notice No.28/2011. The bid specification for the tender specifically mentioned that 30% (*Thirty Percent*) of single and general residential sites will be reserved for disposal by the municipality.

These developments have commenced and 30 % (Thirty Percent) of serviced single residential sites/erven have been identified and will be availed to the Municipality free of charge to be disposed of or be dealt with by the Municipality at its discretion, with the proceeds accruing exclusively to or for the benefit of the Municipality.

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Over and above these; further residential erven for Affordable Housing and/or Integrated Residential Development Programme/IRDP have been identified as follows:

- | | |
|-----------------|-------------------------------------|
| i. Soutpan | Approximately 22 residential erven |
| ii. Bloemside | Approximately 90 residential erven |
| iii. Dewetsdorp | Approximately 100 residential erven |
| iv. Lourierpark | Approximately 400 residential erven |

Approximately 30 residential erven remaining; which were initially earmarked for Brandwag tenants in terms of Council resolution dated 29th March 2012.

These capital assets are not needed to provide the minimum level of basic municipal services and may therefore be sold. The sale of these assets will not only grow Mangaung Metropolitan Municipality's revenue base through collection of purchase prices, but also with rates and taxes to be collected once transfer has taken place. This in part is a process aimed at availing land to address the dire need for Affordable Housing in the City.

The recent Mangaung's Residential Property Market conducted by the Centre for Affordable Housing Finance in Africa (2017) found that about 10% (ten percent) of all residential properties in Mangaung in 2015 were worth more than R1,2 million, and a further 13% (thirteen percent) were worth between R600 000 – R1,2 million. The majority 64% (sixty four percent) were worth less than R300 000, about half of which were likely to have been government-sponsored properties. This means that only 13% of Mangaung's housing is in the crucial middle-class market segment of properties valued between R300 000 – R600 000; a key indication that there is greater need for delivery in Affordable Housing market in the City.

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In order to build local economic viability at the neighbourhood level; additional land in the name of Botshabelo West and Estoire has been identified for mixed developments to address the housing backlog and create sustainable human settlements. These developments will promote the creation of investment-worthy areas in which private individuals and businesses will place their own resources, further leveraging the city's investment, and contributing to a growing rates base. Research has shown that existing spatial patterns and poor housing reinforce poverty levels by requiring poorer households to spend a large proportion of their household incomes on travel and basic services. On these portions of land, social integration and cohesion will be facilitated by providing a mix of housing options. Collectively, these developments will entail various housing typologies and provide wide tenure options to beneficiaries, such as ownership, rent as well as mortgage loan options within the same geographic space. All the in close proximity to retail facilities and light industry in order to eliminate transport costs for residents and consumers while creating job opportunities around residential settlements.

6. RECOMMENDATIONS

It is therefore recommended that

- a. The Mangaung Metropolitan Municipal Council approves the sale of capital assets listed in the paragraphs below in terms of Section 14 (2) of the Municipal finance Management Act, Act 56 of 2003 (take a decision in a meeting open to the public that the assets are not needed to provide the minimum level of basic municipal services):
 - i. Soutpan Approximately 22 residential erven
 - ii. Bloemside Approximately 90 residential erven
 - iii. Dewetsdorp Approximately 100 residential erven
 - iv. Lourierpark Approximately 400 residential erven
Approximately 30 residential erven remaining; which were initially earmarked for Brandwag tenants in terms of Council resolution 29th March 2012.
 - v. Vista Park Ext. 2: 30 % (Thirty Percent) of serviced single residential sites/erven
 - vi. Vista Park Ext. 3: 30 % (Thirty Percent) of serviced single residential sites/erven

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- b. The private treaty sale of these capital assets be undertaken once land development processes and/or installation of services have been concluded in those areas and/or developments where applicable;
- c. That both Botshabelo West and Estoire land parcels be advertised for Turn-Key mixed developments proposals.



MD MOKOENA
GENERAL MANAGER: MIXED DEVELOPMENTS

Supported/~~Not Supported~~



ADV MJN PHALADI
HEAD: HUMAN SETTLEMENTS

Supported/~~Not Supported~~



ADV T MEA
CITY MANAGER

28/11/2018

Recommended/~~Not Recommended~~



CLLR SM/MLAMLELI
EXECUTIVE MAYOR

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