

# MITCHELLS PLAIN



BLACK SASH NATIONAL CONFERENCE  
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## FREE ENTERPRISE AND HOMEOWNERSHIP: MITCHELLS PLAIN-STYLE

### Fact Paper: Cape Western Region

ACCORDING TO FREE ENTERPRISE, if you want to become a homeowner and have the necessary cash or credit, you 'shop around' until you find what you want and can afford, in the area you prefer. Once the legalities are complete and the bond available you take transfer and move in.

NOT SO THE PROSPECTIVE 'COLOURED' HOMEOWNER IN CAPE TOWN. He or she operates under constraints markedly inconsistent with free enterprise:

a area This is assigned according to skin colour. Too bad that the effective choice for most has to be Mitchells Plain situated 26km south east of the CBD and industrial employment areas of the Peninsula.

b housing stock from which to select A little from the private sector in other areas; most from the mass produced 'little boxes' at the Plain.

c selling price Lower at the Plain than elsewhere, but price is only PROVISIONAL and liable to increase as the scheme has to be self-financing, so additional developmental or administration costs are shared out among all homeowners.

d transfer Not available from some time yet as the survey is incomplete.

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Mitchells Plain - Cape Town's 3100ha 'coloured' housing showpiece. Unique in combination of size and tempo: from bare veld to housing, shops and schools for 200 000-250 000 people in the period 1975-85.

Officially state-subsidised (Community Development), in practice stop-go state funding pushed up costs and resulted in the 'contractor-financed contract' of Besterecta in 1977 which added R1000 to the cost of 10 000 of the houses completed in 1979.

The small Divisional Council section Woodlands comprises 369 ownership and 1070 rental units. So far City Council section is entirely ownership: 10 741 sales to 3 January 1980 and 2 389 houses unsold. No clarity as to who will cover the interest on capital and other costs incurred through houses standing empty (probably R2m in 79-80). Repossessions totalled 179 at 3.1.80, with 40 percent of homeowners in arrears to the tune of R833 000. In December 583 families moved into c.c. section and 683 summonses were served on families more than six months in arrears.

Realistically speaking, to survive at the Plain a family needs a minimum income of R350-400 per month. Two thirds of the 20 000+ families on the waiting list are well below that economic level, so 'force-filtering' is being used to get better-off families out of c.c. rented accommodation into the Plain, so that less well-off families can move into township flats.

- e deposit An incredibly low R100, even on a R14 000 house, and rumours of 'interested parties' lending even this small amount to families unable to afford it, for the sake of either commission on sale or signing up a hire purchase agreement.
- f interest rate Nominally 9,25 percent, but in the case of 10 000 houses an extra 4 percent finance charge on the Besterecta contract has been capitalised and spread, adding R1000 to the selling price (= R2500 over 30 years).
- g terms of contract Described by an attorney as 'heavily weighted in favour of the interests of the seller' ie the Cape Town City Council.
- h sliding scale of repayment Begins low to assist young couple with small children; builds up after 15-20 years to double the starting rate. At first sight a benevolent arrangement, in fact tempts people who would not qualify according to usual building society criteria; means they are accumulating increased debt during first ten years; raises serious questions about who covers the deficit if purchaser defaults and house has to be repossessed.
- i standards/value for money Prices are comparatively low, but so are standards of construction and finish (biggest complaint so far - leaks, draughts and rising damp). Certain standards have been quietly lowered eg two doors between toilet and kitchen.
- j transport Railway is to materialise in mid-1980 but many fear the overcrowding and crime in third class coaches; buses operate on a series of expensive, inconvenient short-haul trips (apart from new service Heideveld-Epping direct), with overcrowding and shortages at peak times. Therefore car ownership practically forced on homeowners with all that involves in expense (hire purchase costs, maintenance, and fuel).
- k amenities Although R2 800-3 000 is built into the cost of each dwelling to cover development costs/<sup>and amenities</sup> (roads, water, sewerage, schools, sports grounds, community halls, etc), there is a woeful shortage of indoor meeting places, swimming pools, libraries, etc., and of appropriateness of some designs in relation to real needs of the people.: especially young people.
- l consultation Officially and in certain practical respects, much much higher level of consultation than has been usual in state housing projects. But the 'big' decisions were and are made by the authorities, and even in minor matters such as the location of the railway ticket office opinions are ignored; as also in regard to corner shops, non-polluting economic activities, etc.

#### CREDIBILITY GAP

This list of constraints points to the credibility gap between government rhetoric about free enterprise and its actual programme of black and brown homeownership. For in practice there is a heavy admixture of state socialism (expressed in planning, modes of construction, financing, etc) and control - people become economically shackled, therefore less likely to be 'revolutionary'. In some cases they are also disabled: one company lost 11 of its most experienced sales staff through providing financial help without the requisite financial counselling against unwise h.p. debts on new furniture, tv, cars, etc. And who knows what the ensuing frustration, especially among their children, will lead to?

What applies to Mitchells Plain is probably true of other black and brown homeownership schemes. There is an urgent need to analyse and assess this part of the 'total national strategy' as the gilding of cages is not likely to produce justice and peace.

M Nash 30 January 1980

Additional information may be found in the following pamphlets:

Mitchells Plain: on R240pm can I afford to stake my claim? BSR Cape Town 1979

Why the State should pay Mitchells Plain Development Costs SACC 1979

Mitchells Plain: alternative to District Six? SACC 1979