



REPORT TO SUBCOUNCIL 1 (MILNERTON)

6633824

1 ITEM NUMBER 01SUB 22/10/2019

2 SUBJECT:

**GRANTING OF IN-PRINCIPLE APPROVAL: PROPOSED TRANSFER OF
ERF 28 BIG BAY TO OWNER OF ADJACENT ERF 27 BIG BAY**

ONDERWERP:

**TOESTAAN VAN BEGINSELGOEDKEURING: VOORGESTELDE
OORDRAG VAN ERF 28 BIG BAY AAN EIENAAR VAN AANGRENSENDE
ERF 27 BIG BAY**

ISIHLOKO:

**UKUNIKEZELWA KWESIPHUMEZO NGOKOMTHETHO-
SISEKO: ISIPHAKAMISO SOKUTSHINTSHELWA KWESIZA 28 ESISE-BIG
BAY KUMININI WESIZA 27 ESIMELENE NASO BIG BAY**

**Translation Reference:
PTMS No: 130005943
File Ref No: TYG14/3/4/3/28/1
Category: 4**

3 DELEGATED AUTHORITY

In terms of delegation, this report is not delegated for decision by Council.

☒ The report is for comment by Sub council.

- An in principle approval of the immovable property in terms of Regulation 5 of the Municipal Asset Transfer Regulations;
- Approval that the immovable property is not required for the provision of basic municipal services in terms of Section 14 of the Municipal Finance Management Act

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In terms of the provisions of the Municipal Finance Management Act (MFMA) and the associated Municipal Asset Transfer Regulations (MATR), the City may only transfer or dispose of property after (a) the Council has made a determination that the asset is not required for the provision of basic municipal purposes and has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset, and (b) has as a consequence of those determinations approved in principle that the capital asset may be transferred or disposed of.

The MATR further stipulates that the City may not commence with the transfer or disposal process or negotiations unless approval in principle has been obtained. For reasons referred to in the report, this transaction relates to a direct deal and not a transfer or disposal via a tender process and the following have therefore already been addressed and further discussed in the body of the report:

- public participation
- valuation determination

The recommendations for final approval will be submitted to the Immovable Property Adjudication Committee (IPAC) in terms of Part 41 of the System of Delegations. This IPAC report will include the comments obtained from Subcouncil on the proposed transfer.

☒ Final decision lies with Council.

4 EXECUTIVE SUMMARY

PURPOSE OF REPORT	To consider the proposed transfer of Erf 28 Big Bay to the owner of adjacent Erf 27 Big Bay	
Site extent	96 m ²	
Submission date	08/12/2017 (initially submitted as a lease)	
Current zoning	Utility	
Current usage	Vacant	
Proposed usage	Residential (To be consolidate with applicant's erf)	
WARD CLLR	NOTICE DATE	WARD
Cllr. N Grose	27 May 2019	23
TOD Assessment	Cat 1 – TOD N/A	X
	Based on the TOD (Transit Oriented Development) strategic screening of the proposed erf to be transferred or disposed of, the subject property was found to have no TOD potential (also known as Category 1 in terms of the TOD land Disposal Assessment Process) and did not meet the minimum TOD criteria due to its size, lack of consolidation potential and/or locational characteristics relevant to the City's TOD Strategic Framework.	
Internal circulation date	27 March 2018	
Internal department comments	The proposal was circulated to the internal departments and no objections were submitted.	

Public participation outcome summary	Advertised in the Cape Argus and Die Burger on 7 June 2019. No objections were received.		
Viable	Yes	No	X
	The subject property is regarded as being non-viable land which only has value to the abutting landowner/s. This property transaction may be approved without any competitive process having been followed on the basis that no purpose would be served by such a competitive process.		
Recommended decision	Approval	X	Refusal
Factors motivating recommendation:	1. The transfer of the land will relieve Council of the maintenance burden. 2. Better utilization of current vacant City land		
Strategic intent	SFA 1 : an OPPORTUNITY City of Cape Town		
	Objective 1.5	Leverage the City's assets to drive economic growth and sustainable development	
	Programme 1.5(a)	City strategic assets investigation	

5 RECOMMENDATIONS FOR CONSIDERATION AND COMMENT BY THE RELEVANT SUBCOUNCIL

It is recommended that:

- a) Council resolve that, in terms of section 14 of the Local Government Municipal Finance Management Act 56 of 2003, that the subject property, being Erf 28 Big Bay, situated at corner of Oyster Lane and Moolman Road, in extent 96 m² as shown hatched and lettered ABCDE on Plan TA 894v1 (**Annexure "A"**), is not needed to provide the minimum level of basic municipal services and has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset;
- b) Council grants in-principle approval in terms of regulation 5(1)(b)(ii) of the Municipal Asset Transfer Regulations for the transfer of Erf 28 Big Bay, situated at corner of Oyster Lane and Moolman Road, in extent 96 m² as shown hatched and lettered ABCDE on Plan TA 894v1 (**Annexure "A"**);
- c) That the transfer of Erf 28 Big Bay, in extent approximately 96 m² as shown hatched and lettered ABCDE on Plan TA 894v1 (**Annexure "A"**) to Georgia Kostiris, or her successor(s) in title, be approved, subject to the following conditions, that:
 - i) A purchase price of R380 000, excluding VAT, be payable;
 - ii) The purchase price is to be escalated by 8% per annum compounded annually on a pro-rata basis, commencing 6

months after date of valuation, i.e. from 1 March 2019, until date of registration;

- iii) The valuation is to be reviewed if not implemented within 18 months from date of valuation, i.e. by 1 March 2020;
- iv) Rates and municipal charges, if applicable, be levied; and
- v) Subject to such further conditions to be imposed by the Director: Property Management in terms of her delegated authority, including inter alia the following:
 - aa) That all further statutory and land use requirements be complied with;
 - bb) Service servitudes to be registered in favour of the City of Cape Town to protect the municipal services that traverse the subject property;
 - cc) that all costs related and incidental to the transaction be borne by the purchaser.

5 AANBEVELINGS VIR OORWEGING EN KOMMENTAAR DEUR DIE BETROKKE SUBRAAD

Daar word aanbeveel dat:

- a) Die Raad bepaal dat ingevolge artikel 14 van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, Wet 56 van 2003, die onderhawige eiendom naamlik erf 28 Big Bay, geleë op die hoek van Oysterlaan en Moolmanweg, ongeveer 96 m² groot, gearseer en met die letters ABCDE aangetoon op plan TA 894v1, gemerk bylae A, nie benodig word om die minimum vlak van basiese munisipale dienste te verskaf nie en oorweging geskenk het aan die billike markwaarde van die bate en die ekonomiese en gemeenskapswaarde wat in ruil vir die bate ontvang sal word;
- b) Die Raad beginselgoedkeuring ingevolge regulasie 5(1)(b)(ii) van die regulasies oor die oordrag van munisipale bates vir die oordrag van erf 28 Big Bay, geleë op die hoek van Oysterlaan en Moolmanweg, ongeveer 96 m² groot, gearseer en met die letters ABCDE aangetoon op plan TA 894v1, gemerk bylae A, toestaan;
- c) Dat die oordrag van erf 28 Big Bay, geleë op die hoek van Oysterlaan en Moolmanweg, ongeveer 96 m² groot, gearseer en met die letters ABCDE aangetoon op plan TA 894v1, gemerk bylae A aan Georgia Kostiris of haar regsopvolgers, goedgekeur word, onderworpe aan die volgende voorwaardes dat:
 - i) 'n Koopprijs van R380 000, BTW uitgesluit, betaalbaar is;

- ii) Die koopprys met 8% per jaar sal styg, jaarliks saamgestel en op 'n pro rata-grondslag bereken vanaf ses maande ná die waardasiedatum, d.w.s. 1 Maart 2019 tot die datum van registrasie;
- iii) Hierdie waardasie hersien word as dit nie binne 18 maande ná die waardasiedatum (d.w.s. teen 1 Maart 2020) geïmplementeer word nie;
- iv) Eiendomsbelasting en munisipale gelde, indien van toepassing, gehef word; en
- v) Onderworpe aan sodanige verdere voorwaardes opgelê deur die direkteur: eiendomsbestuur ingevolge haar gedelegeerde bevoegdheid, onder andere die volgende:
 - aa) dat daar voldoen word aan alle verdere statutêre en grondgebruikvereistes;
 - bb) Diensteserwitute ten gunste van die Stad Kaapstad geregistreer word om die munisipale dienste wat die eiendom oorkruis, te beskerm;
 - cc) alle koste wat met die transaksie verband hou, deur die koper gedek word.

5 IZINDULULO UKUBA ZIQWALASELWE KWAYE KUVAKALISWE ULUVO LIBHUNGANA ELIFANELEKILEYO

Kundululwe ukuba:

- a) IBhunga malithabathe isigqibo ngokungqinelana necandelo 14 loMthetho wobuRhulumente boMmandla ongoLawulo lweziMali zikaMasipala, uMthetho 56 ka-2003, sokuba ipropati ekhankanyiweyo, esisiza-28 esise-Big Bay esime kwikona ye-Oyster Lane ne Moolman Road, esibukhulu obumalunga ne-96 m² njengoko kubonakaliswe ngemigca ekrweliweyo noonobumba ABCDE kwiplani engu-TA 894v1 (isihlomelo "A"), ayifuneki ukubonelela ngeenkonzo ezingundoqo zikamasipala; kwaye kuthathelwa ingqalelo ixabiso lobulungisa lasemakethi lempahla nexabiso lezoqoqosho neloluntu eliyakuthi lifumaneke ngokutshintshelwana kweempahla;
- b) IBhunga malinikezele ngesiphumezo ngokomthetho-siseko ngokungqinelana nomgaqo 5(1)(b)(ii) weMigaqo engokuTshintshelwa kweMpahla kaMasipala kulungiselelwa ukutshintshelwa kwesiza-28 esise-Big Bay esime kwikona ye-Oyster Lane ne Moolman Road, esibukhulu obumalunga ne-96 m² njengoko kubonakaliswe ngemigca ekrweliweyo noonobumba ABCDE kwiplani engu-TA 894v1 (isihlomelo "A");

- c) Makuphunyezwe ukutshintshelwa kwesiza-28 esise-Big Bay, esibukhulu obumalunga ne-96 m² njengoko kubonakaliswe ngemigca ekrweliweyo noonobumba ABCDE kwiplani engu-TA 894v1 (isihlomelo "A"), kuGeorgia Kostiris, okanye abangena ezihlangwini zakhe ngokwetayitile, ngokuxhomekeke kule miqathango ilandelayo yokuba:
- i) Makuhlawulwe ixabiso lentengiso elingama-R380 000, ngaphandle kweRhafu-ntengo;
 - ii) Ixabiso lentengiso liyakuthi lonyuke nge-8% ngonyaka lihlanganiswa rhoqo ngonyaka ngokwekota, ukususela kwiinyanga ezi-6 emva komhla woqingqo-maxabiso, oko kukuthi ngowo-1 kweyoKwindla 2019, kude kube ngomhla wobhaliso;
 - iii) Olu qingqo-maxabiso luzakuhlolwa ngokutsha ukuba alusebenzanga kwiinyanga ezi-18 ukususela kumhla woqingqo-maxabiso, oko kukuthi ngowo-1 kweyoKwindla 2020;
 - iv) Makuhlawulwe iirhafu neentlawulo zikamasipala, xa kufanelekile; kwaye
 - v) Ngokuxhomekeke kweminye imiqathango eyongeziweyo eyakuthi inyanzeliswe nguMlawuli: woLawulo lwePropati ngokwamagunya akhe agunyazisiweyo, kuquka phakathi kwezinye izinto:
 - aa) Ukuba makuthotyelwe zonke iimfuno ezisemthethweni nokusetyenziswa komhlaba;
 - bb) Amalungelo okungena kweenkonzo mawabhaliswe ngokuxhasa iSixeko saseKapa ukuze kukhuseleke iinkonzo zikaMasipala ezinqumla kwipropati ekhankanyiweyo;
 - cc) Ukuba zonke iindleko eziphathelele kolu naniselwano ziya kuthwalwa ngumthengi.

6. DISCUSSION/CONTENTS

6.1 BACKGROUND:

Ms Georgia Kostiris is the registered owner of Erf 27 Big Bay. Erf 28 Big Bay, in extent 100 m² is located on the street corner and surrounded by Erf 27, as indicated on attached Plan TA894v1. The vacant municipal plot is however currently the target for illegal dumping of garden refuse and building rubble, which is affecting her living conditions and property value, and thus the owner of Erf 27 applied to purchase the property from the City.

Erf 28 Big Bay has been earmarked as an electrical substation site. The Electricity Services Department confirmed that the property is no longer required, and thus consented to the disposal thereof.

6.2 CONSULTATION WITH INTERNAL BRANCHES

The application was circulated to the relevant branches of Council. The transfer of the property is supported and the following comments or conditions were submitted.

Integrated Transport Portfolio

"A 3m x 3m splay is required at the intersection to allow for proper visibility."

The initial plan was accordingly amended and the area reduced from 100 m² to 96 m² in order to accommodate the required splay.

Development Management

"The subject Erf 28 Big Bay will need to be subdivided, rezoned and consolidated with Erf 27 Big Bay."

All relevant conditions will be included in the Deed of Sale.

It was further confirmed that the property is not required to provide the minimum level of basic municipal services.

6.3 VALUATION

The City's Professional Valuers on 31 August 2018 assessed the value of the subject property at R380 000, excluding VAT.

- The purchase price is to be escalated by 8% per annum compounded annually on a pro-rata basis, commencing 6 months after date of valuation, i.e. from 1 March 2019, until date of registration;
- The valuation is to be reviewed if not implemented within 18 months from date of valuation, i.e. by 1 March 2020;

The valuation synopsis is attached to the report as **Annexure B**.

6.4 CONSTITUTIONAL AND POLICY IMPLICATIONS

- 6.4.1 The proposal complies with Section 14 of the Municipal Finance Management Act No.56 of 2003 in that the relevant branches of Council have confirmed that the land is not required for the provision of the minimum level of a basic municipal service.
- 6.4.2 Chapter B of Council's Policy relating to the Management of certain of the City of Cape Town's Immovable Property (approved 26 August 2010), permits the transfer or disposal of immovable property;

6.5 FINANCIAL IMPLICATIONS

All costs related or incidental to the transaction will be for the Applicant's account.

The price will be adjusted by the percentage (8%) determined by the City Valuer compounded annually on a pro-rata bases which will commence at a particular date until registration of transfer and which adjustment shall be consistent with open market parameters and norms.

6.6 TAX COMPLIANCE

In terms of the City's Supply Chain Management Policy, approved by Council on 30 May 2019 (C18/05/19), paragraph 98.3 stipulates the City may not consider a bid or quote unless the bidder who submitted the bid or quote has submitted a valid tax clearance certificate certifying that the provider's tax matters are in order.

In terms of the City's Supply Chain Management Policy, approved by Council on 30 May 2019 (C18/05/19), paragraph 99 stipulates "Irrespective of the procurement process, the City may not make any award above R15 000,00 to a person whose tax matters have not been declared by the SARS to be in order."

Paragraphs 372 – 375 of the afore-mentioned policy deal with the sale and letting of City owned immovable property and are silent on the SARS requirement. Property Management adopted the principle as per paragraph 99 above and applicants need to submit a SARS clearance certificate or exemption certificate for the sale of all City Owned immovable property. Except for tariff based rentals, which do not exceed R15 000,00 all applicants need to submit a SARS clearance or exemption certificate for the leasing of City owned immovable property.

6.7 FINANCIAL DUE DILIGENCE

The applicant's debt profile has been verified and it is confirmed that

6.8 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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6.9 LEGAL IMPLICATIONS

Regulation 7 of the Municipal Asset Transfer Regulations (MATR)

In terms of the above Regulation, Council must take into account a number of factors (highlighted in bold) when considering any proposed transfer or disposal of non-exempted capital assets:

Factor A: Whether the capital asset may be required for municipality's own use at a later date.

This proposal complies with Section 14 of the Local Government Municipal Finance Management Act No. 56 of 2003 in that the relevant branches of Council have confirmed in writing that the asset is not needed to provide the minimum level of basic municipal services.

Factor B: The expected loss or gain that is expected to result from the transfer or proposed disposal.

The expected gain to result from the proposed transfer is market value and future rates and taxes.

Factor C: The extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to municipality.

Council will receive a financial benefit in the form of a fair market related sales price as well as rates and taxes following the development of the property.

Factor D: The risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the municipality's interests.

No operational or control risk to the City.

Factor E: The effect that the proposed transfer or disposal will have on the credit rating of the municipality, its ability to raise long-term or short-term borrowings in the future and its financial position and cash flow.

None.

Factor F: Any limitations and conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions.

The sale agreement will contain terms and conditions as imposed by the Director: Property Management in terms of her delegated authority.

Factor G: The estimated cost of the proposed transfer or disposal.

The purchaser will be responsible for the transfer costs as well as all costs related or incidental to the transaction.

Factor H: The transfer of liabilities and reserve funds associated with the capital asset.

No liabilities and reserve funds are associated with the capital asset.

Factor I: Any comments or representations on the proposed transfer or disposal received from the local community and other interested persons.

The Director: Property Management, in terms of her delegated powers, on 16 April 2019 approved the public participation process as required, resulting in the proposed transfer being advertised in the Cape Argus and Die Burger on 7 June 2019, and the closing date for objections was 10 July 2019.

Copies of the advertisement were served on abutting land owners via registered mail, and copies were further sent to the Ward Councillor, Chairperson and Manager of the relevant Sub-Council, who in return forwarded copies to relevant community organizations. No objections were received.

Factor J: Any written views and recommendations on the proposed transfer or disposal by National Treasury and the relevant Provincial Treasury.

The asset considered for transfer is not a "high value" asset, as defined in the MATR. No objections / comments were received from National and Provincial Treasury.

Factor K: The interests of any affected organ of state, the municipality's own strategic, legal and economic interests and the interests of the local community.

None of these interests will be compromised as a result of the alienation of the asset; in fact, it will be supported.

Factor L: Compliance with legislative regime applicable to the proposed transfer or disposal.

The proposal complies with Section 13.1 of the Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property, approved by Council on 26 August 2010, which allows for the direct sale of non-viable property which can only be utilized by one or more adjacent landowners, without any competitive process having been followed, on the basis that no purpose would be served by a competitive process.

The proposal complies with the provisions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and the Municipal Asset Transfer Regulations published in Government Gazette No R. 878 dated 22 August 2008

i) **Should the recommendation contained in this report be adopted by Council, the following statutory processes will need to be undertaken:**

- A. It will be necessary for the erf to be subdivided and rezoned in order to transfer the and.
- B. The land must be consolidated with the applicant's Erf 27 Big Bay to form one single holding.

6.10 STAFF IMPLICATIONS

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No ☒

Yes ☐

FOR FURTHER DETAILS CONTACT:

NAME	NASTASSJA HICKS	<i>M. Hicks</i>
CONTACT NUMBERS	021 444 4974	
E-MAIL ADDRESS	NASTASSJA.TANDY@CAPETOWN.GOV.ZA	
DIRECTORATE	ECONOMIC OPPORTUNITIES & ASSET MANAGEMENT	
FILE REF NO	TYG 14/3/4/3/28/1	
PTMS CASE No	130005943	
MANAGER: PROPERTY HOLDING RACHEL SCHNACKENBERG	<i>Mumackenberg 23-08-2019</i>	

Gelderbloem
**DIRECTOR : PROPERTY MANAGEMENT IN HER
 CAPACITY AS EXECUTIVE DIRECTOR : ECONOMIC
 OPPORTUNITIES & ASSET MANAGEMENT
 NOMINEE**

Comment:

NAME RUBY GELDERBLOEM

DATE *2019.09.11*

G. Kostiris
LEGAL COMPLIANCE

☐

REPORT COMPLIANT WITH THE
 PROVISIONS OF COUNCIL'S DELEGATIONS,
 POLICIES, BY-LAWS AND ALL LEGISLATION
 RELATING TO THE MATTER UNDER
 CONSIDERATION.

☐

NON-COMPLIANT

NAME

Joan-Mari Holt

TEL

021 400 2753

DATE

16/09/2019

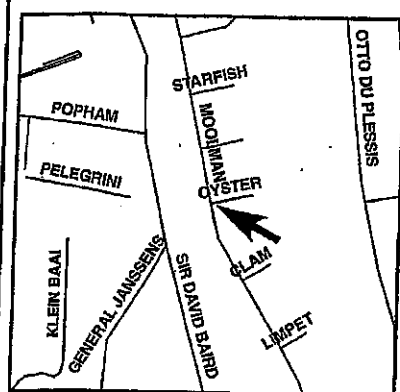
Comment:

Certified as legally compliant:
Based on the contents of the report.

*Note: IPAC's delegation (Part 42) has
 been erroneously quoted on pg 2
 as being Part 41. JMH.*

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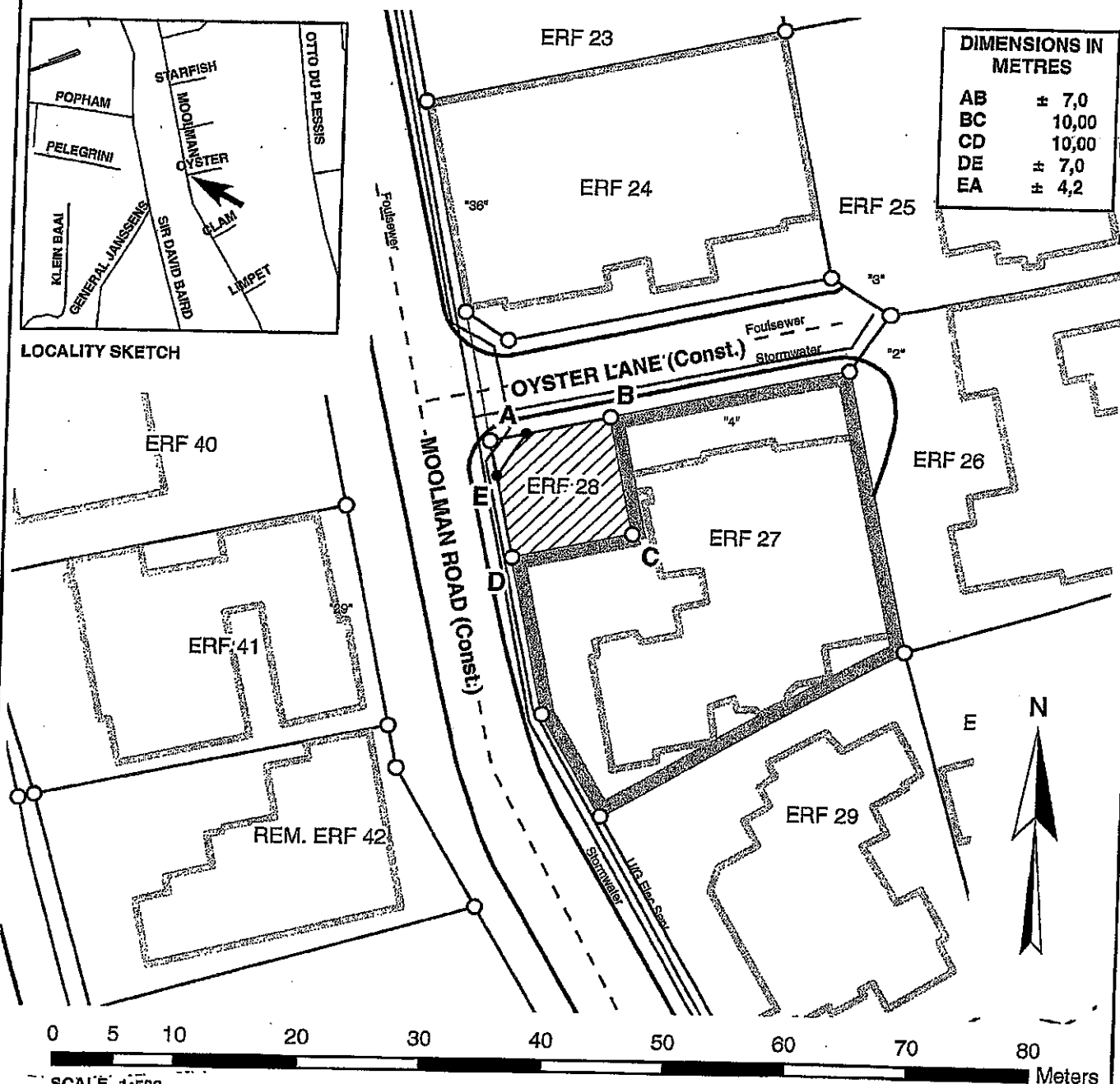
CITY OF CAPE TOWN - PROPERTY MANAGEMENT



LOCALITY SKETCH

DIMENSIONS IN METRES

AB	± 7,0
BC	10,00
CD	10,00
DE	± 7,0
EA	± 4,2



SCALE 1:500

DISPOSAL OF CITY LAND - CORNER OF OYSTER LANE AND MOOLMAN ROAD - BIG BAY

The figure ABCDE shown hatched represents City Land (portion of Erf 28 Big Bay) in extent approximately 96 square metres, available for disposal to

GEORGIA ANGELICA KOSTIRIS

Property of above (Erf 27 Big Bay) shown bordered grey and zoned: Single Residential 1 (D/T 12943 dated 2003-02-21)

City Land (Erf 28 Big Bay) Zoned: Utility

Note: 1. Erf 28 Big Bay is registered in the name of the City of Cape Town by D/T 2439 dated 2003-01-14.

WARD 23 SUBCOUNCIL 1 Nora Grose

REVISION: DISPOSAL

SUPERSEDES TA 894

REFER TO	GP No. 4302/2002; M 3159; M 3183	PROPERTY HOLDING	Page 1 of 1
CASE NO.	130002952		SURVEYOR E SPRINGBOK (2019-02-14)
PROP REF	LP Key 791393 & 791394		SNR TECH ASST J WESTENBERG
FILE/REC.	TYG 14/3/6/1/2/28		CHECKED A de Goede (2019-07-03)
MEMO	-		TA 894v1



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ASSETS & FACILITIES MANAGEMENT
PROPERTY MANAGEMENT

Sirraaj Slamang
Professional Valuer

T: 021 400 3281 F: 086 202 9500
E: sirraaj.slamang@capetown.gov.za
Ref: 6949 Your Ref: Case 130002952

DATE	2018-08-23
TO	Tygerberg Region
ATTENTION	Bonglwe Mall - Swelindawe

VALUATION REPORT

MARKET VALUATION OF ERF 28 BIG BAY, CORNER OYSTER LANE AND MOOLMAN ROAD, BIG BAY: GEORGIA ANGELICA KOSTIRIS

1. Brief

We were requested by Tygerberg Branch to determine the market value of Erf 28, Big Bay (hereafter 'the subject property'). The subject property, which measures $\pm 100\text{m}^2$, shown ABCD on Plan TA 894v0 (refer Annexure A), is proposed for lease or transfer to Georgia Angelica Kostiris.

2. Date of Valuation

2018-08-31

3. Date of Inspection

2018-07-18

4. Caveats

The reader should note the following:

- (i) The valuation is for internal requirements only and must not be made available to the applicant/public without prior written consent from the Head: Market Valuations.
- (ii) This report has been prepared in conformity with recognized standard procedure regarding the lease and disposal of City land.



5. Physical Address

4 Oyster Close, Big Bay

6. Municipal Valuation

R6 600 000

CIVIC CENTRE IZIKO LOLUNTU BURGERSENTRUM
12 HERTZOG BOULEVARD CAPE TOWN 8001 P O BOX 298 CAPE TOWN 8000
www.capetown.gov.za

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7. Salient title deed information of the applicant's property

The most relevant title deed information is listed in Table 1.

Table 1: Salient title deed information of the applicant's property	
Description	Erf 27, Big Bay
Owner	Georgina Angelica Kostiris
Zoning	Single Residential 1
Extent	751m ²
Purchase Price	R695 000
Purchase date	2002-10-28
Improvements	Residential dwelling (house)
Comments	Large erf with dwelling (±682m ² of useable extent) and swimming pool. Improved properties in the vicinity generally sell from ±R6,0 million each.

8. Salient title deed information of the subject property

The most relevant subject property information is listed in Table 2.

Table 2: Salient subject property information	
Description	Erf 28, Big Bay
Extent	100m ²
Zoning	Utility
Usage	Parking
Improvements	Vacant

9. Benefit derived from the subject property

The applicant has applied for additional space for parking purposes as well as aligning the boundary wall with the rest of the properties in the street. The applicant's property is fairly developed and the subject property offers high utility from a parking/landscaping/recreational usage. Accordingly, 100% of full value is considered fair and not unreasonable and would represent the value of this erf to the applicant.

10. Approach to valuation

We have been tasked with determining the market value of the subject properties, which, is defined by International Valuation Standards Council (IVSC) as:

The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties acted knowledgeably, prudently and without compulsion.

Implicit in the market value of a property is the notion of highest and best use, which the IVSC defines as:

The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

It is considered the *highest and best* use of the subject property is for residential purposes and it has thus been valued as such.

11. Method of valuation ..

We applied the the *comparable sales method*, which entails the following:

- o Identifying sales transactions of similar properties in the same neighbourhood (or further afield if need be) for which information is available.
- o Comparing the comparable properties' value-forming characteristics with those of the subject property, viz. location, stand size, zoning, etc.
- o Adjusting the sale's price of the comparable properties for effluxion of time between their sale's date and valuation date (if deemed necessary).
- o Deducting the market value of the subject property after taking due cognisance of all incomparable characteristics and their potential influence on the sale's price.

12. Findings

The following residential stand sales were used to deduce the market value of the subject property:

#	Description	m ²	Sale's Information	Comments
1	Erf 7 Big Bay 58 Moolman Road	627	R2 975 000 (R4 744/m ²) 2016-09	Similar location and extent.
2	Erf 4 Big Bay 2 Barnacle Close	793	R2 950 000 (R3 720/m ²) 2017-05	Located in a cul-de-sac, considered inferiorly located.
3	Erf 42 Big Bay 2 Periwinkle Close	642	R2 690 000 (R4 190/m ²) 2017-10	Although close to the subject property, this property borders busy Otto du Plessis Drive and also offers no elevation and thus views at ground level.
4	Erf 665 Blaauwbergstrand 6 General Jansen Street	500	R2 200 000 (R4 400/m ²) 2017-03	Smaller site located in close proximity to the subject property (approximately 100m away). From a location prospecton this site is superior as it is situated closer to the beach, it is however awkwardly shaped and is far smaller in extent.

13. Conclusions

Taking the above sales into account the market value of the consolidated site in extent 851m² (as if vacant) is considered to be in the order of R3 250 000 or R3 819/m², excluding VAT. Using the latter rate as a basis we deem the market value of the subject property:

$$100\text{m}^2 \times \text{R3 819/m}^2 \times 100\% \text{ utility} \approx \text{R380 000 (excluding VAT) (Rounded)}$$

14. Negotiations

Negotiation commenced at R400 000. The applicant advised that property values have decreased by 30% according to Investec when they valued her property for a building loan. The applicant further advised that many properties are on the market at exorbitant amounts, but do not sell. After explaining the basis of the valuation and potential use once incorporated with the applicant's property, the purchase price was agreed to telephonically. The applicant advised that the formal letter may be sent.

However, the applicant subsequently contacted the writer after contacting her banker and requested that no escalation be applied and that the price be fixed at R400 000, inclusive of VAT. It was advised that the price cannot be fixed due to the uncertainty of when the transfer may take place as it is subject to Council approval and that the counter offer was considered below market. After further discussion, an amount of R380 000, excluding VAT, was proposed and recommended for acceptance (email 2018-10-09). The applicant has however to date not indicated whether she accepts the latter figure. The matter is accordingly referred back.

15. Recommendation

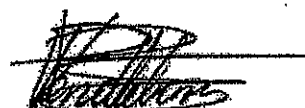
It is recommended that Erf 28 Big Bay, shown by the hatched figure ABCD on Plan TA 894v0, in extent approximately 100m², be transferred to Georgina Angelica Kostiris for the sum of R380 000 (exclusive of VAT), subject to the following:

- a. The sale's price shall escalate at 8% per annum compounded annually on a pro rata basis commencing from 6 months from date of valuation (i.e. as from 2019-03-01) until date of registration.
- b. The market value is to be reassessed if the transaction is not approved by the relevant decision making authority of Council within 18 months from date of valuation (i.e. by 2020-03-01).



Sirraaj Slamang
Professional Valuer (Reg. no. 7321/5)

SA



Paul Pendlebury
Head: Market Valuations

2018-12-12