



1. ITEM NUMBER: 19SUB16/09/20

SUBJECT: PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE TRANSFER BY PUBLIC COMPETITION OF VACANT ERF 1972, SITUATED AT 18 KEATING WAY, OCEAN VIEW, ZONED SINGLE RESIDENTIAL 1 (SR1): CONVENTIONAL HOUSING, FOR RESIDENTIAL PURPOSES

ONDERWERP:

VOORGESTELDE TOESTAAN VAN BEGINSELGOEDKEURING VIR DIE OORDRAG VAN ONBEOUDE ERF 1972, GELEË IN KEATINGWEG 18, OCEAN VIEW, GESONEER ENKELRESIDENSIEEL 1 (SR1): KONVENSIONELE BEHUISING DEUR OPENBARE MEDEDINGING VIR RESIDENSIEËLE DOELEINDES

ISIHLOKO:

ISIPHAKAMISO SOKUNIKEZELWA KWESIPHUMEZO NGOKOMTHETHO-SISEKO SOKUTSHINTSHELWA NGOKOKHUPHISWANO LOLUNTU KWESIZA 1972 ESINGENANTO, ESIME KWA-18 KEATING WAY, OCEAN VIEW, ESICANDWE NJENGENDAWO YOKUHLALA USAPHO OLUNYE 1 (SR1): IZINDLU EZIQHELEKILEYO, KULUNGISELELWA IMIBANDELA YENDAWO YOKUHLALA

M0275

2. PURPOSE

The purpose of this report is to inform Subcouncil 19 of the City's intention to seek in-principle approval from Council for the transfer of City-owned vacant land being Erf 1972, situated at 18 Keating Way, Ocean View, for residential purposes (see attached **Annexure A** for Plan LIS 2142).

3. DELEGATED AUTHORITY

☒ Not delegated: for decision by Council and noting by Subcouncil 19

The legal provision for this non-delegable authority can be found in Section 14 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and Regulation 5 of the Municipal Asset Transfer Regulations of 2008 (MATR).

In terms of the provisions of the MFMA and the associated MATR, the City may transfer ownership of a capital asset only after the Municipal Council in a meeting open to the public-

- a) has made the determinations that on reasonable grounds the asset is not needed to provide the minimum level of basic municipal service 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 the above determinations approved in principle that the asset may be transferred.

4. EXECUTIVE SUMMARY

PURPOSE OF REPORT	The purpose of this report is to inform Subcouncil 19 of the City's intention to seek in-principle approval from Council for the transfer of City-owned vacant land being Erf 1972, situated at 18 Keating Way, Ocean View, for residential purposes (see attached Annexure A for Plan LIS 2142).				
DESCRIPTION OF PROPERTY	Erf 1972, situated at 18 Keating Way, Ocean View, is a vacant unfenced site.				
LOCATION OF PROPERTY	18 Keating Way, Ocean View.				
AREA	4	Subcouncil	19	Ward	61
EXTENT OF SITE	Approximately 284m ²				
VIABLE	Yes	x	No		
CURRENT ZONING	Single Residential Zone 1: Conventional Housing (SR1)				
CURRENT USAGE	Vacant				
PROPOSED USAGE	The subject property will be used in accordance with the uses permitted in its zoning.				
INTERNAL BRANCH COMMENTS	The proposed transfer of the subject property was circulated for internal comment and there were no objections received (see attached Annexure B for the <i>Technical Investigation Control Sheet</i>).				
FULL ASSESSMENT BY CITY DEPARTMENTS	The subject property is not required for municipal purposes and can be transferred.				
VALUATION	A desktop market valuation carried out by the Property Management's Market Valuations Branch on 31 July 2019 estimated the market value of the property to be in the region of R175 000.00, exclusive of VAT and transfer costs.				
PUBLIC PARTICIPATION PROCESS					
AUTHORITY FOR PUBLIC PARTICIPATION	Authority granted by	Director: Property Management	Date	16/08/2019	
ADVERTISEMENT IN THE PRESS	Date of advertising	07/09/2019 12/09/2019	Public comments	No objections	
WARD COUNCILLORS COMMENTS	Date of notification	30/09/2019	Comment	Notification noted	
FACTORS MOTIVATING DECISION	<ul style="list-style-type: none">• The transfer of the subject property will relieve Council of the maintenance burden;• A market-related income will be generated;• The transfer will enable better utilisation of the City owned land; and• The subject property will be developed to its highest and best use.				
STRATEGIC INTENT	INTEGRATED DEVELOPMENT PLAN (IDP)				
	The transfer of the subject property is in line with the <i>Strategic Focus Area 1: Opportunity City - 1.1 (g) Leverage the City's assets</i> in that it will ensure the rationalisation and optimal utilisation of the City assets in order to stimulate economic benefit for Cape Town.				
	ORGANISATIONAL DEVELOPMENT AND TRANSFORMATION PLAN (ODTP)				
	The transfer of the subject property for residential purposes is in line with Priority 9 of the OTDP which refers to the continuation in building integrated communities as it will result in there being a housing opportunity in an established residential suburb.				

STRATEGIC INTENT	CAPE TOWN SPATIAL DEVELOPMENT FRAMEWORK (CTSDF)
	The development of the subject property for residential purposes is in line with Strategy 2 of the CTSDf which refers to the management of urban growth and creation of a balance between urban development and environmental protection as it will facilitate the promotion of appropriate land use intensification.
	TRANSIT ORIENTATED DEVELOPMENT (TOD)
	In terms of the pre-screening process for land disposals the subject property is categorised as Category 1; this category is for properties that do not meet the requirements for Urban Planning and Mechanisms to do a TOD Comprehensive Land Use assessment.

5. DISCUSSION / CONTENTS

5.1. BACKGROUND

Erf 1972 situated at 18 Keating Way, Ocean View is currently vacant / undeveloped, It is zoned Single Residential Zone 1: Conventional Housing (SR1) and measures approximately 284m² (see attached **Annexure A** for Plan LIS 2142). It is intended to sell the property with its existing zoning.

5.2. CONSULTATION WITH BRANCHES

The proposed transfer of the subject property was circulated to the relevant departments of the City and to external departments for comment.

All the Departments offered no objections to the proposed transfer (see attached **Annexure B** for the Technical Investigation Control Sheet).

5.3. VALUATION

The City's Professional Valuer's were requested to undertake a desktop market valuation of the subject property. The subject property was valued as at 31 July 2019. In this regard the following is of relevance:

The market value of the subject property is defined by International Valuation Standards Committee (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.

The comparable sales method in valuing the property was applied, which entails the following steps:

- i) Identifying recent sales transactions of similar properties in the same neighbourhood (or further afield if need be) for which information is available;

- ii) Comparing the comparable properties' value-forming characteristics with those of the subject property, viz. location, stand size, etc.;
- iii) Adjusting the sales price of the comparable properties for effluxion of time between their sale's date and valuation date; and
- iv) Deducting the value of the subject property after taking due cognisance of all incomparable characteristics and their potential influence on the sale's price.

It should be noted that a desktop valuation was carried out, which is deemed appropriate at this stage of the disposal process. A more comprehensive analysis will be undertaken closer to, and prior to, the property being transferred.

It was concluded that the market value of the subject property is in the order of **R175 000 (excluding VAT)**.

The transfer price shall escalate at 8% per annum compounded annually on a pro-rata basis commencing 6 months after date of valuation (i.e. from 01/02/2020) until date of registration.

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 01/02/2021).

The escalation rate has been adjusted to 5% from 1 April 2020 on account of the global pandemic (Covid 19) and the resultant economic fallout, which has dampened growth prospects for the property market.

5.4. PUBLIC PARTICIPATION

In accordance with the authority obtained from the Director: Property Management on 16 August 2019, Council's intention to transfer the subject property was advertised as follows. (See advert **Annexure C**)

Advertising	Weekend Argus & Die Burger	7 September 2019
	False Bay Echo	12 September 2019
	Provincial & National Treasury	30 September 2019
	Subcouncil Chairperson, Manager & Ward Councillor	30 September 2019
Outcome	<p>No objections were received from the members of the public regarding the proposed intention.</p> <p>No response was received from the Western Cape Government Provincial Treasury Department as well as the National Treasury Department.</p> <p>No response was received from the Subcouncil Chairperson and the Subcouncil Manager.</p>	

5.5. CONSTITUTIONAL AND POLICY IMPLICATIONS

5.5.1 The proposal complies with Section 14 of the Municipal Finance Management Act, Act 56 of 2003(MFMA) in that the relevant branches of Council have confirmed that the subject property is not required for the provision of the minimum level of basic municipal services; and

5.5.2 Chapter B of Council's policy relating to the Management of Certain of the City of Cape Town's Immovable Property, as approved by Council on 26 August 2010 (C 54/08/10), permits the transfer of immovable property.

5.6. FINANCIAL IMPLICATIONS

All costs involved in this transaction will be for the purchaser's account.

5.7 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?

No ☒ Yes ☐

5.8 LEGAL COMPLIANCE

5.8.1 The proposal complies with Section 14 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA);

5.8.2 The transfer of municipal capital assets is governed by Chapter 2 of the Municipal Asset Transfer Regulations of 2008 (MATR);

5.8.3 Council may in terms of **Regulation 5(1)(b)(i) of the MATR** transfer or dispose of non-exempted capital assets after it has - in a meeting open to the public - made the determinations required by **Sections 14(2)(a) and (b) of the MFMA**:

- a) the asset is not needed to provide the minimum level of basic municipal services; and
- b) considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

5.8.4 In terms of **Regulation 7 of the MATR**, Council must take into account a number of factors (highlighted in bold) when considering the transfer or disposal of non-exempted capital assets, and it is herewith confirmed that:

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

Council's service branches confirmed that the asset is not required for their own purposes (see attached **Annexure B** for the Technical Investigation Control Sheet).

- b) **Factor B: The expected loss or gain that is expected to result from the proposed transfer or disposal**

Council will not make a loss, but will gain in receipt of fair market value, future rates revenue.

- c) **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 the sales price as well as future rates revenue in respect of the property.

A desktop market valuation carried out by the Property Management's Market Valuations Branch on 31 July 2019 estimated the market value of the property to be in the region of R175 000.00 exclusive of VAT and transfer costs.

The transfer price shall escalate at 5% per annum compounded annually on a pro-rata basis commencing 6 months after date of valuation (i.e. from 01/02/2020) until date of registration.

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 01/02/2021).

- d) **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**

There is no operational or control risk to the City.

- e) **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**

The proposed transfer will have a positive effect on the City's financial position, through sales income and future rates revenue.

The proposed transfer is not expected to have any negative impact on the credit rating of the City, due to anticipated cash inflows.

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

None

- g) **Factor G: Estimated cost of the proposed transfer or disposal**

The normal costs related to the transfer of the property will be the responsibility of the purchaser.

- h) **Factor H: The transfer of any liabilities and reserve funds associated with the capital asset**

None.

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

The City's intention to transfer Erf 1972, situated at 18 Keating Way, Ocean View, was duly advertised in the local and community newspapers.

The relevant Subcouncil Manager, Subcouncil Chairperson and Ward Councillor and Regional Office were also notified of the intention to transfer the property.

No objections were received from the members of the public regarding the proposed intention.

No response was received from the Subcouncil Chairperson and the Subcouncil Manager.

- j) **Factor J: Any written views and recommendations on the proposed transfer or disposal by the National Treasury and the relevant Provincial Treasury**

Provincial and National Treasury were also notified of the intention to transfer the property.

No response was received from the Western Cape Government Provincial Treasury Department or the National Treasury Department.

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

None of these interests will be compromised through the transfer of the asset.

- l) **Factor L: Compliance with legislative regime that is applicable to proposed transfer or disposal**

The transfer of the asset is compliant with the Municipal Finance Management Act, Act 56 of 2003 (MFMA), Municipal Asset Transfer Regulations of 2008 (MATR) and Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property as approved by Council on 26 August 2010 (C 54/08/10).

5.9 STAFF IMPLICATIONS

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

No

☒

Yes

☐

6 RECOMMENDATIONS

Not delegated: for decision by Council and noting by Subcouncil 19

It is recommended that:

- a) In terms of Sections 14(2)(a) and (b) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA):
- i) Council resolves that Erf 1972, situated at 18 Keating Way, Ocean View, in extent approximately 284m² (see attached **Annexure A** for Plan LIS2142), be regarded as not being required for the provision of the minimum level of basic municipal services; and
 - ii) Council confirms that the fair market value of the asset described in (a)(i) and the economic and community value to be received in exchange for the asset described in (a)(i) has been considered;
- b) In terms of Regulation 5(1)(b) of the Municipal Asset Transfer Regulations of 2008 (MATR), Council approves in principle the transfer of Erf 1972, situated at 18 Keating Way, Ocean View, as described in (a)(i); and
- c) Erf 1972, situated at 18 Keating Way, Ocean View, be transferred by public competition, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority.

AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad en vir kennisname deur subraad 19

Daar word aanbeveel dat:

- a) Ingevolge artikel 14(2)(a) en (b) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur (MFMA), Wet 56 van 2003:
 - i) Die Raad besluit dat erf 1972, Keatingweg 18, Ocean View, ongeveer 284 m² groot (sien plan LIS2124 aangeheg as bylae A), nie vir die voorsiening van die minimum vlak basiese munisipale dienste nodig word nie; en
 - ii) Die Raad bevestig dat die billike markwaarde van die bate beskryf in (a)(i) en die ekonomiese en gemeenskapswaarde wat in ruil vir die bate beskryf in (a)(i) ontvang sal word, in ag geneem is;
- b) Ingevolge regulasie 5(1)(b) van die regulasies oor die oordrag van munisipale bates (MATR), R.878, afgekondig op 22 Augustus 2008, die Raad die oordrag van erf 1972, geleë in Keatingweg 18, beskryf in (a)(i), in beginsel goedkeur; en
- c) Erf 1972, geleë in Keatingweg 18, Ocean View, oorgedra word deur openbare mededinging, onderworpe aan die voorwaardes wat die direkteur: eiendomsbestuur in die uitvoering van haar gedelegeerde bevoegdheid oëlê.

IZINDULULO

Azigunyaziswanga: isigaibo seseBhunga nokuqwalaselwa liBhungana 19

Kundululwe ukuba:

- a) Ngokungqinelana namacandelo 14(2)(a) no-(b) oMthetho woLawulo lweeMali zikaMasipala (MFMA), uMthetho 56 ka-2003:
 - i) IBhunga malithabathe isigaibo sokuba isiza-1972, esikwa-18 Keating Way, Ocean View, esibukhulu obumalunga nama-284m² (jonga iplani engu-LIS LIS2142 **kwisihlomelo A** esiqhotyoshelweyo), masithatyathwe njengesingafunekiyo ukubonelela ngeenkonzo ezingundoqo zikamasipala;
 - ii) IBhunga maliqinisekise ukuba kuye kwathathelwa ingqalelo ixabiso lobulungisa lasemakethi njengoko lichazwe ku-(a)(i) nexabiso lezoqoqosho neloluntu eliyakuthi lifumaneke ngokutshintshelwana kweempahla ezicaciswe ku-(a)(i);
- b) NgokoMgaqo-5(1)(b) weMigaqo engokuTshintshelwa kweMpahla kaMasipala (MATR), R.878 owamiselwa ngowama-22 Agasti 2008, iBhunga maliphumeze ngokomthetho-siseko ukutshintshelwa kwesiza-1972, esikwa-45 Keating Way, Ocean View, njengoko kukhankanyiwe ku-(a) (i), kwakhona
- c) Isiza-1972 esime kwa-18 Keating Way, Ocean View masitshintshelwe ngokokhuphiswano loluntu, ngokuxhomekeke kwimiqathango eyakuthi imiselwe nguMlawuli woLawulo lwePropati esebenzisa amagunya akhe awagunyazisiweyo.

ANNEXURES

- Annexure A** : Plan LIS 2142
Annexure B : Technical Investigation Control Sheet
Annexure C : Copy of Statutory Advert

FOR FURTHER DETAILS CONTACT:

NAME	MARSHA HELDSINGER	CONTACT NUMBER	(021) 400 3903
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DIRECTORATE	ECONOMIC OPPORTUNITIES AND ASSET MANAGEMENT	FILE REF No	14/3/4/3/1679/A68
SUBCOUNCIL	19	WARD COUNCILLOR	SIMON LIELL - COCK
SIGNATURE	MANAGER: PROPERTY ACQUISITIONS AND DISPOSALS	ANDRE HUMAN	

**DIRECTOR: PROPERTY MANAGEMENT TO SIGN IN HER CAPACITY AS
NOMINEE FOR THE EXECUTIVE DIRECTOR: ECONOMIC OPPORTUNITIES
AND ASSET MANAGEMENT**

NAME	RUBY GELDERBLOEM	COMMENT:
DATE		
SIGNATURE		