



REPORT TO SUBCOUNCIL 16

LC24/45

1. ITEM NUMBER : 16 SUB 25/01/20
2. SUBJECT

PROPOSED CLOSURE OF PORTION OF CITY LAND BEING
UNREGISTERED STATE LAND ABUTTING ERF 3640 ORANJEZICHT
SITUATED OFF KLOOF NEK ROAD, ORANJEZICHT

PROPOSED TRANSFER OF CITY-OWNED IMMOVABLE PROPERTY:
PORTION OF CITY LAND BEING UNREGISTERED STATE LAND ABUTTING
ERF 3640 ORANJEZICHT: STEFAN ANTONI FAMILY TRUST

ONDERWERP

VOORGESTELDE SLUITING VAN ONROERENDE EIENDOM IN
STADSBESIT: GEDEELTE VAN STADSGROND NAAMLIK
ONGEREGISTREERDE STAATSGROND AANGRENSEND AAN ERF 3640
ORANJEZICHT

VOORGESTELDE OORDRAG VAN GEDEELTE VAN STADSGROND
NAAMLIK ONGEREGISTREERDE STAATSGROND AANGRENSEND AAN
ERF 3640 ORANJEZICHT GELEË UIT KLOOFNEKWEG, ORANJEZICHT:
STEFAN ANTONI-FAMILIETRUST

ISIHLOKO

ISIPHAKAMISO SOKUVALWA KWEPROPATI YESIXEKO: ISIQEPHU
SOMHLABA WESIXEKO ESINGUMHLABA KARHULUMENTE
ONGABHALISWANGA ESIMELENE NESIZA 3640 ORANJEZICHT

ISIPHAKAMISO SOKUTSHINTSHELWA KWESIQEPHU SOMHLABA
WESIXEKO ESINGUMHLABA KARHULUMENTE ONGABHALISWANGA
ESIMELENE NESIZA 3640 ORANJEZICHT: KWI-STEFAN ANTONI FAMILY
TRUST

LSU: L1797
130003502
CT14/3/4/3/565/A09
(Category 2)

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3. DELEGATED AUTHORITY

This report is for decision by Council.

☒ The report is for comment by Subcouncil.

- 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
- Approval of the Closure of the Public Place in terms of the Immoveable Property By-Law

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 of 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 therefor 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 Immoveable Property Adjudication Committee (IPAC) in terms of Part 42 of the System of Delegations. This IPAC report will include the comments obtained from Subcouncil on the proposed transfer.

☒ Final decision lies with Council.

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4. EXECUTIVE SUMMARY

PURPOSE OF REPORT	The purpose of this report is to obtain comment from Subcouncil regarding the following: <ul style="list-style-type: none">• An in principle approval in terms of Regulation 5 of the Municipal Asset Transfer Regulations for the transfer of a portion of City-owned immovable property abutting Erf 3640 Cape Town.• 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.• Approval of the Closure of the Public Place in terms of the Immovable Property By-Law.		
Site extent	±42m ²		
Submission date	15 September 2016		
Current zoning	Intermediate Residential		
Current usage	Vacant		
Proposed usage	To accommodate angled access/egress		
WARD CLLR	NOTICE DATE	WARD	
Cllr Brandon Golding	8 August 2019	77	
Internal circulation date	3 January 2016 (part of bulk circulation for erven in Kloofnek Road)		
Internal department comments	None		
Public participation outcome summary	Advertised in the Cape Argus and Die Burger on 8 August 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 landowners in light of the fact that it cannot be developed or function as a separate entity. This Property Transaction may be approved without any competitive process having been followed on the basis that no purpose would be served by a competitive process.		
Recommended decision	Approval	x	Refusal

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Factors motivating recommendation:	<ul style="list-style-type: none"> • The transfer of the land will relieve Council of the maintenance burden. • Market related compensation in the amount of R555 000.00, excluding VAT, will accrue to the City. • The transfer will allow for better utilisation of the property. 	
Strategic intent	SFA 1 : an OPPORTUNITY City of Cape Town	
	Objective 1.1	Positioning Cape Town as forward looking globally competitive City
	Programme 1.1(g)	Leveraging the City's assets

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, Act 56 of 2003, the subject property being a portion of City land (Unregistered State Land) abutting Erf 3640 Oranjezicht, situated off Kloof Nek Road, Oranjezicht, in extent approximately 42 m², shown by the hatched figure lettered ABCD, on the attached Plan STC 3004 (**Annexure "A"**) is not required 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 a portion of City Land abutting Erf 3640 Oranjezicht, situated off Kloof Nek Road, Oranjezicht, in extent approximately 42 m², shown hatched and lettered ABCD, on the attached Plan STC 3004 (**Annexure "A"**);
- c) Council, in terms of section 4 of the City of Cape Town Immovable Property By-law, 2015, approve of the closure of the subject property being a portion of City land abutting Erf 3640 Oranjezicht, situated off Kloof Nek Road, Oranjezicht, in extent approximately 42 m², shown hatched and lettered ABCD, on the attached Plan STC 3004 marked (**Annexure "A"**),
- d) The transfer of a portion of City land (Unregistered State Land) abutting Erf 3640 Oranjezicht situated off Kloof Nek Road, Oranjezicht, in extent approximately 42 m², shown hatched and lettered ABCD, on the attached Plan STC 3004 (**Annexure "A"**); to Stefan Antoni Family Trust, or its successor(s) in title, be approved, subject to the following conditions, that:
 - i) A purchase price of R555 000.00 excluding VAT be payable;

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- ii) The purchase price is to be escalated by 8% per annum compounded annually on a pro-rata basis commencing 6 months from date of valuation, i.e. 1 September 2018 until date of registration;
- iii) Rates and municipal charges, if applicable, be levied.

5. AANBEVELINGS VIR OORWEGING EN KOMMENTAAR DEUR DIE BETROKKE SUBRAAD

Daar word aanbeveel dat:

- (a) Die Raad, ingevolge artikel 14 van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, Wet 56 van 2003, bepaal dat die onderhawige eiendom naamlik 'n gedeelte van Stadsgrond (ongeregistreerde staatsgrond) aangrensend aan erf 3640 Oranjezicht, geleë uit Kloofnekweg, Oranjezicht, ongeveer 42 m² groot, gearseer en met die letters ABCD aangetoon op aangehegte plan STC 3004 (**bylae A**) nie vereis word om die minimum vlak van basiese munisipale dienste te voorsien nie, en die redelike markwaarde van die bate en gemeenskapswaarde wat in ruil vir die bate ontvang sal word, in ag geneem het;
- b) Die Raad beginselgoedkeuring toestaan ingevolge regulasie 5(1)(b)(ii) van die regulasies oor die oordrag van munisipale bates vir die oordrag van 'n gedeelte van Stadsgrond (ongeregistreerde staatsgrond) aangrensend aan erf 3640 Oranjezicht, geleë uit Kloofnekweg, Oranjezicht, ongeveer 42 m² groot, gearseer en met die letters ABCD aangetoon op aangehegte plan STC 3004 (**bylae A**);
- c) Die Raad, ingevolge artikel 4 van die Stad Kaapstad Verordening op Onroerende Eiendom, 2015, die sluit van die onderhawige eiendom goedkeur, naamlik 'n gedeelte van Stadsgrond (ongeregistreerde staatsgrond) aangrensend aan erf 3640 Oranjezicht, geleë uit Kloofnekweg, Oranjezicht, ongeveer 42 m² groot, gearseer en met die letters ABCD aangetoon op aangehegte plan STC 3004 (**bylae A**).
- d) Die oordrag van 'n gedeelte van Stadsgrond (ongeregistreerde staatsgrond) aangrensend aan erf 3640 Oranjezicht, geleë uit Kloofnekweg, Oranjezicht, ongeveer 42 m² groot, gearseer en met die letters ABCD aangetoon op aangehegte plan STC 3004 (**bylae A**), aan die Stefan Antoni-familietrust, of hul regsopvolgers, goedgekeur word, onderworpe aan die volgende voorwaardes dat:
 - i) 'n Koopprijs van R555 000, BTW uitgesluit, betaalbaar is;
 - ii) Die koopprijs 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 September 2018 tot die registrasiedatum;

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- iii) Eiendomsbelasting en munisipale gelde, indien van toepassing, gehef word.

5. IZINDULULO ZOKUBA ZIQWALASELWE KWAYE KUHLONYULWE KUZO LIBHUNGANA ELIFANELEKILEYO

Kundululwe ukuba:

- a) IBhunga malithabathe isigqibo, ngokwecandelo 14 loMthetho wobuRhulumente woMmandla: woLawulo lweziMali zikaMasipala, uMthetho 56 ka-2003, sokuba ipropati ekhankanyiweyo esisiqephu somhlaba weSixeko (umhlaba kaRhulumente ongabhaliswanga) omelene nesiza-3640 esise-Oranjezicht esime ekuphumeni kwe-Kloof Nek Road, Oranjezicht, esibukhulu bumalunga ne-42 m2, esibonakaliswe ngemigca ekrweliweyo noonobumba ABCD, kwiplani eqhotyoshelweyo engu-STC 3004 (isihlomelo A) asifuneki ukubonelela ngeenkondo ezingundoqo zikamasipala; kwaye kuthathelwa ingqalelo ixabiso lobulungisa lasemakethi lempahla nexabiso lezoqoqosho neloluntu eliyakuthi lifumaneke ngokutshintshelwana kweempahla;
- b) IBhunga maliphumeze ukunikezelwa kwesiphumezo ngokomthetho-siseko ngokungqinelana nomgaqo 5(1)(b)(ii) weMigaqo engokuTshintshelwa kweMpahla kaMasipala sokutshintshelwa kwesiqephu somhlaba weSixeko (umhlaba kaRhulumente ongabhaliswanga) omelene nesiza-3640 esise-Oranjezicht esime ekuphumeni kwe-Kloof Nek Road, Oranjezicht, esibukhulu bumalunga ne-42 m2, esibonakaliswe ngemigca ekrweliweyo noonobumba ABCD, kwiplani eqhotyoshelweyo engu-STC 3004 (isihlomelo A)
- c) IBhunga, ngokungqinelana necandelo 4 loMthetho kaMasipala ongePropati ezingenakuSuswa weSixeko saseKapa, wango-2015, maliphumeze ukuvalwa kwepropati ekhankanyiweyo esisiqephu somhlaba weSixeko omelene nesiza-3640 esise-Oranjezicht esime ekuphumeni kwe-Kloof Nek Road, Oranjezicht, esibukhulu bumalunga ne-42 m2, esibonakaliswe ngemigca ekrweliweyo noonobumba ABCD, kwiplani eqhotyoshelweyo engu-STC 3004 (isihlomelo A)
- d) Makuphunyezwe ukutshintshelwa kwesiqephu somhlaba weSixeko (umhlaba kaRhulumente ongabhaliswanga) omelene nesiza-3640 esise-Oranjezicht esime ekuphumeni kwe-Kloof Nek Road, Oranjezicht, esibukhulu bumalunga ne-42 m2, esibonakaliswe ngemigca ekrweliweyo noonobumba ABCD, kwiplani eqhotyoshelweyo engu-STC 3004 (isihlomelo A), kwiStefani Antoni Family Trust, okanye abangena ezihlangwini zabp ngokwetayitile, ngokuxhomekeke kule miqathango ilandelayo yokuba:
 - i) Makuhlawulwe ixabiso lentengiso elingama-R555 000.00 ngaphandle kweRhafu-ntengo;

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- ii) Ixabiso lentengiso liyakuthi lonyuke nge-8% ngonyaka lihlanganiswa rhoqo ngonyaka ngokwekota, ukususela kwiinyanga ezi-6 emva komhla woqingqo-maxabiso (oko kukuthi ukususela ngowo-1 kweyoMsintsi 2018), kude kube ngomhla wobhaliso;
- iii) Makuhlawulwe iirhafu neentlawulo zikamasipala, xa kufanelekile.

6. DISCUSSION/CONTENTS

6.1 BACKGROUND:

The Stefan Antoni Family Trust (hereinafter "the SAF Trust"), the owner of Erf 3640 Oranjezicht, submitted an application to purchase a portion of City Land abutting Erf 3640, situated off Kloof Nek Road, Oranjezicht, in extent approximately 42m².

Due to the location of the property on the busy Kloof Nek Road, the subject property will be used to accommodate an angled access/egress which is much safer than 90 degrees to the road. The applicant has further indicated that they wish to excavate the land in order to provide underground parking to their property.

The subject property is regarded as being non-viable land which only has value to the abutting landowner in light of the fact that it cannot be developed or function as a separate entity. This Property Transaction may therefore be approved without any competitive process having been followed.

The application to purchase was circulated to all the relevant Branches for comment. No objections were raised by the Branches to the proposed closure and transfer of the subject property.

The proposed closure and transfer of the subject property was duly advertised in terms of the stipulations of the City of Cape Town's Immovable Property By-Law in two local newspapers on the 8 August 2019, inviting the public to lodge written comments or objections. A notice in this regard was also served on the relevant ward councillor, Subcouncil and abutting land-owners on 9 August 2019. No comments or objections were received by the closing date.

6.2 CONSULTATION WITH INTERNAL BRANCHES:

The application was circulated to the relevant branches of Council. The alienation of the property is supported subject to the following conditions which will be included in the Agreement of Sale where applicable.

AMH

The application was circulated to the relevant branches of Council. The transfer of the property is supported subject to the following conditions which will be included in the Agreement of Sale where applicable:

- Cables/pipes are laid 1.0m clear of Water Mains. Chamber walls are minimum 0.5m from Water Mains. No Water Main to be exposed without the prior comment of the Management (Water). Applicant will be responsible for the cost of damages to Council Services and other consequential damages.
- Cables are laid 1.5m clear of Sewer Mains. Chamber walls are minimum 1.0m from sewer Mains. Applicant will be responsible for the cost of damages to Council Services and other consequential damages.
- Access into the area shall be uncomplicated and to the satisfaction of the Water and Sanitation Department.
- The access control system shall be uncomplicated and to the satisfaction of the Water and Sanitation Department in order to provide immediate access to Water and Sanitation personnel, together with all vehicles and plant as may be required. In addition to vehicular access gates, pedestrian gates incorporating Water pattern padlocks may be required.
- Where gates are fitted with padlocks the Water padlocking system shall be installed at the applicant's cost.
- Neither the Water and Sanitation Branch nor the Council will be liable for any damages or loss if any lock or gate has been forced or broken in order to gain access to attend to the burst mains, blocked sewers or other emergencies such as inspectinos that must be carried out, meters that must be read, or any other cause outside the control of Council.
- The applicants shall bear the cost of the installation of repositioning of any valve, hydrant, meter or other fitting and all protective measures to the water installation that may be necessitated by the purchase of land, or closure of public street.
- The ground surface over a water or sewer main shall not be altered in any way except with the prior approval of the Water Branch.
- No trees shall be planted within 3m of the water and sewer mains.
- The purchase shall be subject to the further approval of the Chief Fire Officer and all the conditions imposed by him.
- Details of the final proposal shall be submitted to the Water and Sanitation Department for approval prior to closure being affected.

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THH

- The applicant shall advise the District Manager of Reticulation in writing no less than 14 days before the area is closed off.

It has been confirmed that the land in question is no longer required for any Municipal purposes. The proposal therefore complies with Section 14 of the Municipal Finance Management Act, No 56 of 2003.

6.3 VALUATION

The City's Professional Valuers on 28 February 2018 assessed that the value of the Subject Property at R555 000.00 excluding VAT, escalating at 8% per annum compounded annually on a pro rata basis commencing from 1 September 2018 until date of registration. The Valuation Synopsis is attached to the report as Annexure B.

An updated Valuation will be submitted when the proposal is considered by Council for final approval.

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 entitled the Management of Certain of the City of Cape Town's Immovable Property (approved 26 August 2010), permits the transfer of immovable property;

6.5 FINANCIAL IMPLICATIONS

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

The transfer price will be adjusted by 8% determined by the City Valuer compounded annually on a pro-rata bases which will commence on 1 September 2018 until date of registration which will be consistent with open market parameters.

6.6 TAX COMPLIANCE

In terms of the City's Supply Chain Management Policy, approved by Council on 29 March 2017, paragraph 92.3 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 and provided the City with their SARS Compliance Status PIN.

JMH

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 92.3 above and applicants need to submit a SARS clearance or exemption certificate for the sale of all City owned immovable property.

The SARS tax clearance certificate will be submitted when the proposal is considered by Council for final approval.

6.7 FINANCIAL DUE DILIGENCE

The applicant's debt profile has been verified and it is confirmed that it is not in arrears.

6.8 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?	No x	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 fair 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.

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Council will receive a financial benefit in the form of a market related purchase price as well as rates and taxes, if applicable. The market value of the property has been determined to be R555 000.00 (excluding VAT), escalating at 8% per annum compounded annually on a pro rata basis commencing from 1 September 2018 until date of registration.

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 delegated authority.

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

The purchaser will be responsible for the transfer costs.

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.

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The Director: Property Management in terms of her delegated powers, approved the public participation process as required, resulting in the proposed transfer being advertised in the Cape Argus and Die Burger on 8 August 2019. Closing date for objections was 9 September 2019. Copies of the advertisement were sent to the abutting land owners, Ward Councillor, Chairperson of the relevant Sub-Council. 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 utilised 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.

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

It will be necessary for the portion of Public Street to be closed in order to transfer the portion of land.

It will be necessary for the property to be subdivided in order to transfer the portion of land.

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After closure, the subject properties must be consolidated with the applicant's respective properties 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 ☐

ANNEXURES

- Annexure A - Plan STC 3004
- Annexure B - Valuation Synopsis
- Annexure C - Copy of Advertisement

FOR FURTHER DETAILS CONTACT:

NAME	SAUL JACOBS (LA) 
CONTACT NUMBERS	021 444 2960
E-MAIL ADDRESS	SAUL.JACOBS@CAPETOWN.GOV.ZA
DIRECTORATE	ECONOMIC OPPORTUNITIES AND ASSET MANAGEMENT
FILE REF NO	CT14/3/4/3/565/A09 (130003502)
MANAGER : PROPERTY HOLDING RACHEL SCHNACKENBERG	Wumackenberg 19-12-2019

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

NAME RUBY GELDERBLOEM

DATE 2019.12.24

Comment:

Joan Mari Holt
 LEGAL COMPLIANCE

NAME Joan-Mari Holt

TEL 021 400 2753

DATE 09/01/2020

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

☐ NON-COMPLIANT
 Certified as legally compliant:
 Based on the contents of the report. *JMH.*

Comment: *Note: Valuation is older
 than 18 months.*

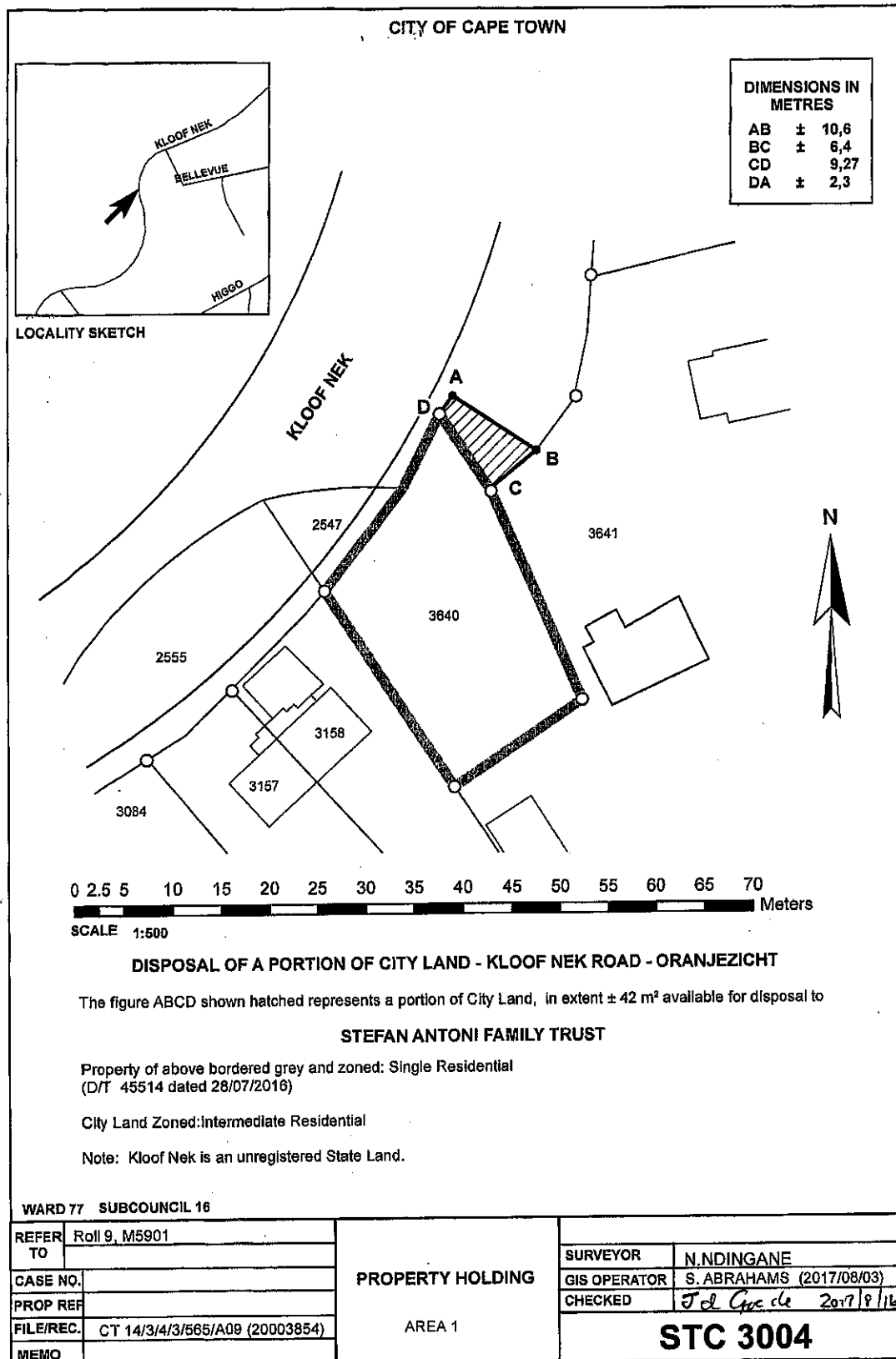
*The previous SCM Policy has been
 erroneously quoted on pg 9. JMH*

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ANNEXURE A



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**ANNEXURE B**

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VALUATION SYNOPSIS: PROPOSED SALE OF PORTION OF CITY LAND, SITUATED OFF KLOOF NEK ROAD, ORANJEZICHT: STEFAN ANTONI FAMILY TRUST

Brief and Background

Market Valuations was tasked with determining the market value of a portion of City land, situated off Kloof Nek Road, Oranjezicht (hereafter 'the subject property'), for possible disposal to Stefan Antoni Family Trust (hereafter 'the applicant').

The subject property is an unused portion of City land which the applicant wishes to purchase in order to extend its property and provide better access off Kloof Nek Road. The subject property measures approximately 42m² and is shown lettered ABCD on plan STC 3004.

Our date of valuation is as at 2018-02-28.

Salient information of applicant's property

Description	Erf 3640 Oranjezicht
Owner	Stefan Antoni Family Trust
Zoning	SR1
Extent	507m ²
Purchase date	2016-05-31
Purchase price	R6 700 000 (R13 215/m ²)
Title deed no.	T45514/2016
Improvements	Vacant site enclosed by a wall.
Comments	Located off the very busy and noisy Kloofnek Rd.

Salient information of the subject property

Description	Portion of City Land, Oranjezicht
Extent to be sold	±42m ²
Zoning	Intermediate Use
Improvements	None
Proposed Usage	The subject property will be used to accommodate angled access/egress which is much safer than that of 90 degrees to the road
Branch Requirements	Electricity: Traversed by an underground cable which has to be deviated at the applicant's cost

Valuation methodology

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

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

http://cityteams.capetown.gov.za/sites/finproprmanpl/Valuations/Users/graham.harms/2017/Oranjezicht/1211_Erf3640_KloofNekRd_SAFTrust_D.docx

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Market research on comparable land sales

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

#	Description	Area (m²)	Sale's Information		Comments
			Date	R	
1	Erf 3640 Oranjezicht, Kloof Neck Rd	507	2016-05	R6 700 000 (R13 215/m²)	Applicant's property.
1	Erf 3642 Oranjezicht, Bellevue St, Higgovale	515	2017-02 and 2016-04	R6 500 000 (R12 621/m²) and R7 100 000 (R13 786/m²)	Irregular shaped stand; zoned General Residential 2. Located close to Kloofnek Road. The property was resold in 2017 at a lower price.
2	Erf 3307 Oranjezicht, Kensington Cr, Gardens	554	2016-12	R5 000 000 (R9 025/m²)	The property was sold as vacant land; irregular shaped stand zoned SR. Located on a similar slope, but smaller in extent and similar location.
4	Erf 3587 and 2726 Re Oranjezicht, Kloof Neck Rd	2 361	2015-10	R10 000 000 (R4 235/m²)	Situated along Kloof Neck Road and sold as vacant SR1 land. Located close to the applicant's property. Much larger extent and a dated sale; hence the lower R/m². Consolidation and subdivision into two sites approved late 2017.

Conclusion

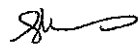
Taking cognizance of the abovementioned sales and the differences in location and size it is our opinion that the value of the consolidated property (i.e. 549m²) is in the order of R7 255 000 or roughly R13 215/m². Using the latter rate, we estimate the market value of the subject property at:

$$42\text{m}^2 \times \text{R}13\,215/\text{m}^2 \approx \text{R}555\,000 \text{ (excluding VAT)}$$

Recommendations

It is recommended that a portion of City Land, in extent ±42m² and shown lettered ABCD on plan STC 3004, be sold to Stefan Antoni Family Trust for an amount of **R555 000, exclusive of VAT and costs**, subject to:

- (i) The sale's price shall escalate at 8% per annum compounded on a pro rata basis commencing 6 months after date of valuation (i.e. from 2018-09-01) until date of registration.
- (ii) This valuation is to be reviewed if not approved by the relevant authority of Council within 18 months from date of valuation (i.e. by 2019-09-01).



Graham Harms
Professional Associated Valuer (Reg. no. 3445/6)



Garth Johnson
Principal Professional Valuer (Reg. no. 5106/2)
2018-06-26

http://cityteams.cape.gov.za/sites/finpropmanpl/Valuations/Users/graham.harms/2017/Oranjezicht/1211_Erf3640_KloofNekRd_SAFTrust_D.docx

ANNEXURE C

Making progress possible. Together.

Closure and disposal**•Portion of City Land Abutting Erf 3640 situated at Kloof Nek Road Oranjezicht to the adjacent owner: Stefan Antoni Family Trust**

Notice is hereby given in terms of section 4(2) of the City of Cape Town: Immovable Property By-Law, 2015 of Council's intention to close a portion of Erf 3640 Cape Town situated at Kloof Nek Road, Cape Town in extent approximately 42m² as shown on plan STC 3004.

Notice is hereby given that the Council is, in terms of the Policy on the Management of Certain of the City of Cape Town's Immovable Property (promulgated on 26 October 2010), considering an application for the closure and disposal of a portion of Erf 3640 Oranjezicht in extent approximately 42 m², to the owner of adjacent Erf 3640 Oranjezicht at a purchase price of R 555 000 plus VAT. The purchase price will escalate at a rate of 8% per annum from 01-09-2019 until date of transfer.

Information Statement:

- The valuation of the capital asset to be transferred or disposed of is R555 000 exclusive of VAT and cost. The sales comparable method of valuation was used to determine the value.
- The reason for the proposal to transfer the capital asset is that the City received an application to purchase the subject property. After due consideration, the subject property is regarded as being non-viable land which only has value to the abutting landowner in light of the fact that it cannot be developed or function as a separate entity. The proposal was circulated to the relevant branches of Council, no objections were received. It is therefore concluded that the property is not required to provide a minimum basic service.
- The expected benefits to the Municipality of the proposed transfer is to be relieved of the maintenance burden in terms of the subject property and it will also allow for better utilisation of the property.
- The expected proceeds to be received by the Municipality from the transfer or disposal are a market related purchase price of R555 000 escalating at 8% per annum plus VAT.
- The expected gain or loss that will be realised or incurred by the Municipality arising from the transfer is fair market value, future rates and taxes.

For further details of the transaction contact Saul Jacobs, tel 021 400 6419, Property Holding, Cape Town Region, Media City Building, weekdays between 08:30-15:00 by appointment. Any comments/objections must be submitted in writing, together with reasons therefore, to Saul Jacobs, 3rd Floor Media City Building, or e-mailed to sauljacobs@capetown.gov.za on or before 9 September 2019.