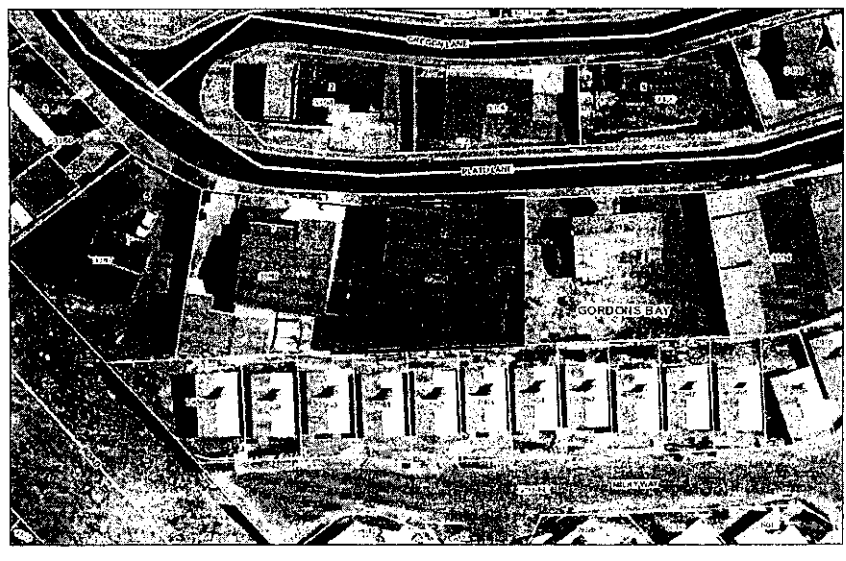



ANNEXURE TO ITEM
C 22/03/15


Annexure A


Page 1 of 1

City of Cape Town	
	
Usage Code	A01
Usage	One dwelling residential
Area (Calculated)	454.90 m2
Total Value	211000
Valuation Year	20130701
Approval Date	
Registered Date	
Purchase Date	
Purchase Price	
Title Deed Number	
Business Partner Nr	
Owner Title	
Owner Name	
Owner First Name	
Language	
Owner Postal Address	
ID Number	
Rate payer Name	J FOURIE
Rate payer Street Address	PLATOLAAN 9 GORDONSBAAI ZA
Rate payer Postal Address	PLATOLAAN 9 GORDONSBAAI 7140
key	323150
Physical Address	9 PLATO LANE, TEMPERANCE TOWN
Erf No	3389

http://cbd-civic-iralb.capetown.gov.za/standard/property.html?visible_controls=map_... 2014/03/28







CITY OF CAPE TOWN
ISIXEKO SASAKAPA
STAD KAAPSTAD

Municipal Programme: Property

Thursday, 19 October 2014

Home

CITYweb

Council Home

About Council

Councilors

Council Meetings

Executive Support & Information Services

Sponsorship & Delegation

Subcouncils

Subcouncil Resolution Details

Subcouncil Resolution Details

Agenda Item No.	08SUB13/09/14
Subject	PROPOSED DISPOSAL OF ERF 3389, PLATO AVENUE, GORDON'S BAY: J FOURIE
SubCouncil	SubCouncil 08
Meeting Date	Thursday, September 18, 2014
Resolution	Recommend
Date Closed	Monday, September 29, 2014

Resolution Detail

Our Members thanks Mr Maree for his dedication and hard work.

RESOLVED

Not delegated: for decision by Council

It is recommended that:

(a) Council, in terms of section 14 of the MFMA, resolve that erf 3389 Gordon's Bay is not needed to provide the minimum level for basic municipal services;

(b) Erf 3389 Gordon's Bay, measuring 455 m² in extent marked ABCD on the layout plan attached as Annexure A, be sold to Jannie Fourie, or her successor in title at a selling price of R100 000 excluding VAT which will escalate by 5% annually after Council approval until date of transfer, subject to such conditions imposed by the Director: Property Management in the exercise of her delegated authorities, including that:

(i) All incidental costs be borne by the purchaser;

(ii) All costs related to the transaction be borne by the applicant including - but not limited to - legal, advertisements, relocation or provision of services and where applicable, a deposit at the prescribed rate to cover incidental costs.

© 2014 City of Cape Town. All rights reserved.

VALUATION SYNOPSIS: PROPOSED SALE OF ERF 3389, TEMPERANCE TOWN, GORDON'S BAY, WHICH IS LOCATED AT 9 PLATO LANE, TO MRS JR FOURIE

Brief and background

Market Valuations has been tasked with determining the market value of Erf 3389, Temperance Town, Gordon's Bay (hereafter 'the subject property'), as at 2014-05-31.

The City was approached by Mrs J. R Fourie who wants to purchase the subject property. The subject property is situated on a slightly sloping, serviced stand measuring 455m². The improvements include an old free-standing, brick-plastered dwelling, with a corrugated-iron roof. The dwelling measures 67 square metres, and includes a lounge, two bedrooms, a bathroom and a kitchen.

Valuation methodology

The so-called *market approach* (also called the *comparable-sales method*) was used to value the subject property; this approach provides an indication of value by comparing the subject property with comparable properties for which recent sales information is available. More specifically, improved residential sales were investigated in order to determine the market value of the subject property.

Market research on comparable improved sales

The comparable sales transactions used for valuing the subject property are listed in the accompanying table. Most of these sales are dated, but given the tough economic climate over the last few years, house prices have generally moved sideways, meaning that these prices are still usable for estimating market value today.

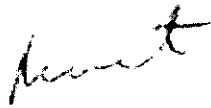
Sales transactions used to estimate market value of subject property					
#	Description	Extent m ²	Sale's information		
			Date	R	Comments
1	Erf 3414 Gordons Bay 5 Oregon Lane	223m ²	2007/10/	R125 000	Very comparable (similar sized dwelling), but far smaller erf.
2	Erf 3438 Gordons Bay 3 Aldrin Street	504m ²	2009/07	R165 000	Comparable dwelling (similar sized). Erf has two street frontages.
3	Erf 3394 Gordons Bay 13 Plato Lane)	482m ²	2005/08	R250 000	Substantial improvements, but comparable erf extent

Conclusion of market value

Based on the evidence, and placing overwhelming weight on Sale 1 and, especially, Sale 2, we deem the market value of the subject property to be in the order of **R160 000**, excluding VAT or transfer duty.

Recommendations

- (i) Erf 3389, Gordons Bay, in extent 455m², shown on portion of General Plan No.12445 (**Annexure A**) be sold to Mrs JR Fourie for the amount of R160 000 (excluding VAT or transfer duty), accordingly including Vat the purchase price amounts to R182 400.
- (ii) The purchase price be adjusted on the basis of 5% per annum compounded annually on a *pro rata* basis commencing 6 months after date of valuation. Accordingly the above recommended purchase price is to be adjusted as from 2014-12-01 (i.e. by 5% ÷ 12 months x number of months after the 6 month period).
- (iii) This valuation is to be reviewed if not implemented within 18 months from date of valuation (i.e. by 2015-12-01).



Randolph Mort
Principal Professional Valuer



Garth Johnson
Professional Valuer- Disposals
2014-05-30

REPORT TO CITY MANAGER



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

LC44/2

1 SUBJECT

OUT OF HAND SALE OF ERF 3389 GORDON'S BAY TO J R FOURIE
(CURRENT LESSEE)

2 PURPOSE

The purpose of the report is to obtain approval to dispense with a competitive process in order to sell erf 3389 Gordon's Bay to the current lessee.

3 DELEGATED AUTHORITY

Clause 13.2 of the Policy on the Management of Certain of the City of Cape Town's Immovable Property, approved by Council on 26 August 2010, authorizes the City Manager to dispense with the competitive processes established in the Disposal Management System in certain circumstances.

H-14/3/4/3/3
Category 4

4 EXECUTIVE SUMMARY

The enactment of new legislation resulted thereto that applications for viable land have been halted and/or could not be proceeded with due to the fact that the legislation determines that viable land can only be disposed of by means of a public participation/tender process.

This application is however to be considered as an exceptional circumstance as the applicant has been leasing the property for a number of years and a former Council has in principle approved the sale of the erf prior to promulgation of the said legislation, but the transaction was never finalized.

If it is consented to in principle that the transaction can be proceeded with, the proposal will be advertised for any possible objections and will be submitted to Council for consideration.

5 RECOMMENDATIONS

It is recommended that

- 5.1 in terms of clause 13.2 of Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property, approval be granted that the City may dispense with the competitive processes established in the Disposal Management System and that direct negotiations be entered into with the applicant, J Fourie;
- 5.2 approval be granted that a public participation process be commenced for this transaction;
- 5.3 the following recommendations be submitted to Council for consideration:
- for the reasons set out in the report, approval be granted that the sale of erf 3389 Gordon's Bay measuring 455m² in extent, marked ABCD on the locality plan attached as Annexure "A", be sold to J R Fourie or her successor-in-title at a selling price of R150 000 (excluding VAT), escalating at 5% from date of Council approval, until date of transfer;
- 5.4 it be noted that erf 3389 Gordon's Bay is, in terms of the Municipal Finance Management Act (MFMA), is a non-exempted and non-high value capital asset and that the land is not needed to provide the minimum level of basic municipal services.

6 DISCUSSION/CONTENTS

There are rental dwellings in Temperance Town, Gordon's Bay, originally erected in the early 30's by the owner of the land for his farm labourers.

The former Gordon's Bay Municipality in 1984 purchased, subdivided and serviced the land (±11,6 ha) and leased the dwellings to the occupants.

In 1991 the former Administrator of the Provincial Administration of the Cape of Good Hope was approached by the Gordon's Bay Municipality for approval to sell ±47 of these erven with dwellings directly to the tenants.

Approval for the sale was granted in May 1992 at a consideration of R6,14 per m² for the land and R66,64 per m² for the improvements (dwelling).

The tenants were, however, not interested in paying for their dilapidated dwellings and an amended approval was obtained for the sale at a consideration of R6,14 per m² for the land and R0,00 for the dwellings.

Despite all the approvals obtained, the sale of the properties was never concluded and in an effort to revive the sale of the properties the erstwhile Council of the Helderberg Municipality on 28 September 2000, after a number of information sessions with the tenants orchestrated by the Housing department, resolved as follows:

- "(a) that the land be sold to the lessees at market value and that the cost for the repair of the houses be deducted from the market value;



- (i) that it be noted that the quoted amount of the repair costs is R840 000,00;
- (b) that a nominal fee of a R10 per erf be approved;
- (c) that the following conditions be applicable:
 - (i) that the offer be valid for one month as from the end of September 2000;
 - (ii) that the lessees be informed by registered post of this resolution;
- (d) that the Council be indemnified against any claims after the acceptance of the above offer;
- (e) that a fresh report on the transfer cost to be paid by the purchasers as well as the method to be followed for arrangements to be made for all outstanding monies to be paid to the Council before transfer can take place, be submitted to the meeting of the Council to be held on 12 October 2000."

A number of these erven were transferred by means of a combined effort by the departments Property Management and Housing of the then Helderberg Administration.

Kindly note that these rentals were never administered by either the Department: Property Management nor the Department: Housing of the then Helderberg Municipality, but managed as Sundry Debtors by the Department: Financial Services.

A property that was never transferred is erf 3389 Gordon's Bay. The lease for this property is currently in the name of a Mr. Fourie, but he and Mrs. J Fourie are divorced and the court has resolved that as she was born in the house she and her children are entitled to occupy the property for as long as the lease agreement remains of full force and effect.

Before the lease was assigned to mr. Fourie it was in the name of mrs. Fourie's parents until their death.

She now wants to purchase the property. The rental and service charges are paid in full.

Mrs Fourie is in the employ of the City of Cape Town in the department Sport and Recreation.

In terms of the Policy on the Management of certain of the City of Cape Town's Immovable Property, the City Manager may, where a Viable Property is concerned, dispense with the competitive process and enter into a direct Property



Transaction due to specific circumstances peculiar to the Property under consideration, it can only be used by the one person/organization wishing to enter into the property transaction, since the former Gordon's Bay Municipality approved the sale in May 1992 to the tenants.

6.1 Constitutional and Policy Implications

The proposal complies with Section 14(1) of the Municipal Finance Management Act No. 56 of 2003 in that the land is not required for municipal purposes.

Chapter B of Council's policy relating to the Management of Certain of the City of Cape Town's Immovable Property permits the Alienation of Immovable Property.

6.2 Legal Implications

6.2.1 As required in terms of Section 14 of the Local Government Municipal Finance Management Act (MFMA), No 56 of 2003, it is hereby confirmed that:

6.2.1 This asset is not needed to provide a minimum level of basic municipal services;

6.2.2 The proposed sale price is considered to be a fair and reasonable reflection of the value for this asset taking cognizance of the perceived economic value of the asset.

6.2.2 As required in terms of the Municipal Asset Transfer Regulations (MATR), it is hereby confirmed that the subject property falls within the category of a non-high value capital asset (less than R50m).

6.2.3 Clause 12.5.2 of the Policy on the Management of certain of the City of Cape Town's Immovable Property, makes provision for the exceptional circumstances and the factors to be taken into account in justifying not following a competitive bidding process.

6.2.4 Clause 13.2 of the said Policy determines that the City Manager may dispense with the competitive processes established in this Disposal Management System, and may enter into a Property Transaction through any convenient process, which may include direct negotiations.

6.3

a. Staff Implications

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

No Yes **6.4. Valuation****6.4.1 Professional Valuer's findings**Date of valuation

30-09-2010

Background

Temperance Town, Gordon's Bay was originally farm labourer dwellings constructed in the early 1930's. In 1984 the former Gordon's Bay Municipality purchased, subdivided, services and leased the dwellings. It is understood that a number of these properties have been transferred to the lessees over the years.

Description of Subject Property

Description	Erf 3389 Gordon' Bay
Address	9 Plato Avenue, Temperance Town, Gordon's Bay
Extent	455 m ²
Registered Owner	City of Cape Town
Date of Purchaser	Not known
Date of Registration	1991-11-05
Title Deed	T69278/1991 – not sighted
Zoning	Single Residential
Municipal Valuation	R155 500 (2010 GV dated 2009-07-01)

Description of Improvements (Dwelling-Extent: 67 m²)External

Roof of dwelling : IBR - fair condition
 Gutters/downpipes : None
 Walls : Plaster painted - poor condition (structural crack in east facing wall)
 Windows : Steel framed – poor condition
 Doors : Wood – poor condition, door handles – fair condition

Outbuilding

Toilet : Derelict
 Boundary
 Walls/Fence : Precast walls only on the sides of the property
 Garden : Poor condition



Internal

Bedrooms X 2	:	Fair condition, no cupboards
Living room X 1	:	Fair condition, floor covering – carpet
Kitchen X 1	:	Poor condition
Bathroom/Toilet X 1	:	Fair

Overall external/internal condition and appearance of the subject property is considered to be poor.

Method of Valuation

The most apt method to value properties such as the subject property is by means of the Market Data Approach of Direct Comparison. With this method sale of comparable properties in the neighbourhood or further afield are traced and researched and compared to the subject property with adjustments made for differences in value forming attributes and if necessary for the efflux in time. Only those properties deemed to have similar value adding attributes compared to the subject property have been used.

Approach to Valuation

Open market value and best use as defined by the International Valuation Standards Committee (IVSC)

Open Market Value

“The estimated amount for which the property should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Highest and Best Use

“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.”

In this regard the current use of the subject property as single residential property is regarded as being the most optimum use.

General Neighbourhood and Market Information

The subject property is situated in the residential area of Temperance Town just off the N2 at the start of Sir Lowry's Pass. The area comprises primarily of sub-economic single residential properties catering for the lower income group. House pricess range from around R125 000 (average 2 bedroomed house) to about R500 000 (larger 3 bedroomed house with garages).

Due to the current economic climate escalation at 8% per annum has only been applied where relevant from date of sale until the end of December 2007 (Sale No. 1, 3 and 4).

Sales Data

The following recorded sales of improved properties in Temperance Town, Gordon's Bay are considered comparable:

No	Erf	Address	Ext m ²	Price	Date	Adj. Price	Comments
1	3421	25 Luna Way	318	R495 000	2006/4	±R524 000	Superior position, larger dwelling, smaller erf
2	3388	7 Plato Lane	444	R400 000	2008/12	R400 000	Larger dwelling, comparable position
3	3394	13 Plato Lane	482	R250 000	2007/3	R265 000	Much larger dwelling, comparable position
4	3414	5 Oregon Lane	223	R125 000	2007/10	±R127 000	Most comparable, but erf extent smaller

Comment on Sales

Transactions 1, 2 and 3 are superior to the subject property because the improvements (dwellings) are larger having three bedrooms and garage(s) as opposed to the subject property which only has two bedrooms and no garage.

The property described in Sale 4, notwithstanding the fact that its extent is only 223 m², is still considered to be the most comparable in terms of both position and extent of improvements (58 m²).

It is recorded that the quality and finishes of the improvements of the subject property are regarded as being below the standard for the neighbourhood. The kitchen and bathroom have not been modernized and the IBR roof sheeting has not been adequately maintained.

To summarise – the subject property can be compared to the comparable sales as follows:

Property	Beds	House Extent	Outbuildings	Comments
Subject Property	2	67 m ²	Toilet	Fair position/austere interior
Comparable 1	3	112 m ²	Double garage	Superior position & finishes
Comparable 2	3	116 m ²	S/garage & S/Quarters	Modern extensions/fair superior
Comparable 3	3	153 m ²	Large s/garage	Large dwelling
Comparable 4	2/3	58 m ²	Outside room	Most comparable/similar accommodation, but for smaller erf extent

Conclusion and Valuation

In analyzing the above transactions, cognizance has been taken of the selling prices, value forming attributes and market trends and as a result thereof the current market valuation of erf 3389 Gordon's Bay has been determined at R150 000 (VAT exclusive – if applicable).

It is recorded that no inspection of the woodwork or other parts of the structure which are covered or is inaccessible was carried out. Therefore the writer of this report is unable to confirm whether such parts of the property are free of rot, beetle or other defects.

Note:

1. The recommended selling price shall escalate at 5% per annum from date of Council approval to date of transfer.
2. This valuation to be reviewed if not implemented within a period of one year from date of valuation.

6.4.2 Management comment

The findings of Council's Professional Valuer are supported.



ANNEXURES

Annexure A: Locality plan

FOR FURTHER DETAILS CONTACT:

NAME	Rachel Schnackenberg
CONTACT NUMBERS	021 900 1731
E-MAIL ADDRESS	rachel.schnackenberg@capetown.gov.za
DIRECTORATE	ECONOMIC AND SOCIAL DEVELOPMENT
FILE REF No	H-14/3/4/3/3
SUB COUNCIL	Helderberg (8)
WARD COUNCILLOR	Johan Middleton (Ward 100)



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 JEAN ROMAN

TEL (021) 400 2753

DATE 20/01/2012

Comment:

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


Comment:

MANAGER PROPERTY HOLDING

RACHEL SCHNACKENBERG

TELE NO 021-400-5246DATE 24/1/2012

Comment:



DIRECTOR: PROPERTY MANAGEMENT
RUBY GELDERBLOEM
TELE NO 021-400-13612012-01-31

DATE

[Handwritten signature]

Comment:

Acting CHIEF FINANCIAL OFFICER

J. Steyl

TELE NO 021 400 3265

DATE 2.2.2012

Comment:

[Handwritten signature]

ACTING CITY MANAGER

M G MARSDEN

APPROVED

REFUSED

REFERRED BACK

DATE 2012-03-16

*subject to public advertisement
and approval by Council.*