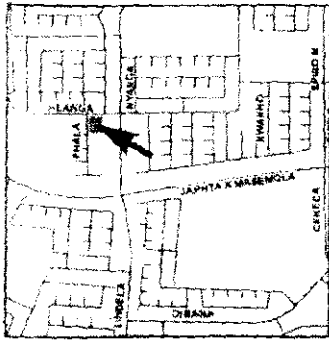
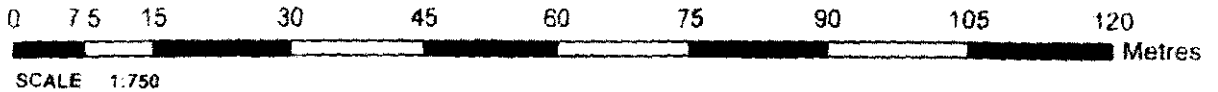
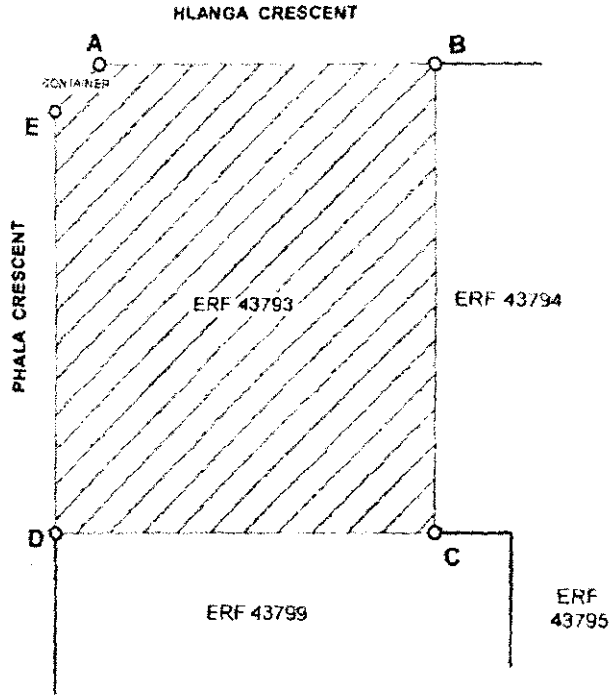


CITY OF CAPE TOWN



LOCALITY SKETCH

DIMENSIONS IN METRES	
AB	37.00
BC	50.00
CD	42.00
DE	45.00
EA	7.07




DISPOSAL OF CITY LAND - ERF 43793 KHAYELITSHA - CORNER OF HLANGA AND PHALA CRESCENTS KHAYELITSHA

ERF NO	AREA m ²	ZONING (CORPORATE ISIS)	D/T AND DATE	OWNERSHIP
43793 KHAYELITSHA	2087	General Business 4	T63140 dated 1992/10/06 T109607/2002	CITY OF CAPE TOWN

Note. Erf 43793 Khayelitsha an unregistered portion of Erf 45058 Khayelitsha. Erf 45058 registered in the name of the City of Cape Town by D/T 63140 dated 1992/10/06 and transferred by endorsement T109607

WARD 40 SUBCOUNCIL 14

REFER TO	M1984, GP4877/1992 JOB NO 4106	 20.08.14 CIVIC CENTRE	Page 1 of 2	
CASE NO.			SURVEYOR	
SOURCE			GIS OPERATOR	L BRANDT (2014/08/13)
FILE/REC.	REC NO 40929		CHECKED	
MEMO			LIS 1142v0	



MEMORANDUM

DATE	2014-09-10
To	Manager: Special Projects and Strategic Assets
ATTENTION	Mike Sims

VALUATION REPORT

VALUATION OF ERF 43793, KHAYELITSHA, TO BE SOLD TO SALVATION CHURCH OF THE REVIVAL OF FAITH

1. Brief

We were requested by Special Projects and Strategic Assets to determine the market value of Erf 43793, Khayelitsha, for possible disposal to Salvation Church of the Revival of Faith. The subject property measures 2 087m² and is outlined on the attached plan ET 211 (refer Annexure A).

A valuation was completed in 2010-09-19 which was never acted upon; hence, the purpose of this valuation report is to provide an updated valuation.

2. Date of Valuation

2014-09-30

3. Date of Inspection

2014-09-11

4. Caveats

The reader is forewarned of 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 leasing of City land.
- (iii) All values in this report exclude VAT.

5. Physical Address

First Street, Khayelitsha

6. Municipal valuation

R430 000.

7. Salient title deed information

The most relevant title deed information relating to the applicant's property is listed in Table 1.

Title deed no.	T20653/2005
Description	Erf 43801, Khayelitsha
Owner	Salvation Church of the Revival of Faith
Zoning	Community 1 (CO 1)
Extent	996m ²
Purchase date	2004-07-14
Improvements	Substantial church building.
Comments	Good location for a church.

The most relevant title deed information relating to the subject property is listed in Table 2.

Title deed no.	Unknown
Description	Erf 43793, Khayelitsha
Owner	City of Cape Town
Zoning	General Business 4
Extent	2 087m ²
Purchase date	Unknown
Improvements	IBR building on front corner of erf.
Comments	Needs to be rezoned to Community 1 (CO 1)





8. Benefit derived from the subject property

As noted, the applicant renders a service to the community, and requires the subject property for similar use. The subject property, which is a predominantly residential area, is zoned GB4 in terms of the Integrated Zoning Scheme, and will have to be rezoned appropriately.

9. General Neighbourhood

The applicant's property is situated on the corner of Hlanga and Phala Crescent, Khayelitsha, which suburb generally comprises of low-cost housing.

10. Approach to valuation

We have been tasked with determining the market value of the subject property, which, is defined by International Valuation Standards Committee (IVSC 2011) 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.

Note that the *highest and best use* of a property need not be related to its current or planned use, but is that use that is physically possible, legally permissible (e.g. by way of rezoning), and which results in the most profitable use of the property.

11. Method of Valuation

The primary valuation method was the *comparable sales method*, which is the valuation method most-preferred by South African courts. This method entails:

- o Identifying *recent* sales transactions of similar properties (so-called 'comparables') 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, namely location, stand size; building size, quality and condition of improvements (if any), etc.
- o Adjusting the sales price of the comparable properties for effluxion of time between their sales dates and valuation date.
- o Deduce the value of the subject property after taking due cognisance of all incomparable characteristics and their potential influence on the sales price.

12. Market Research

The following vacant land sales (by the City) were traced for similar located properties and give a good indication of a potential land value for the subject property:

#	Erf No	Extent	Date of Purchase	Market Value	Purchase Price in terms of Policy	Comments
1	Erf 29093 Khayelitsha	5 312m ²	2010/11	R1 026 000 (R193/m ²)	-	Much larger erf in a similar submarket. Sale price effectively equates to an opportunity rate of R28 000.
2	Erf 25622 Kraaifontein, Wallacedene	1 067m ²	2011/05	R110 000 (R103/m ²)	R27 500	Larger erf with frontage onto three streets, offering 5 opportunities.
3	Erf 30345 Kraaifontein, Belmont Park	1 361m ²	2011/01	R154 000 (R113/m ²)	R38 500	Larger erf with frontage onto two streets, offering 7 opportunities.
4	Erf 30357 Kraaifontein, Belmont Park	1 222m ²	2011/02	R132 000 (R108/m ²)	R33 000	Larger corner erf with frontage onto two streets, offering 6 opportunities.
5	Erf 27879 Kraaifontein, Wallacedene	939m ²	2011/02	R110 000 (R117/m ²)	R27 500	Larger with frontage onto three streets, offering 5 opportunities.

Sale 1 has been finalised, the sale's price of R1 026 000, which was determined on a residential basis, effectively equates to an opportunity rate of ± R28 000. **Sales 2 to 5** have recently been sold; however, they are located in a slightly inferior submarket.

14 Conclusion

Taking account of space needed for access/egress, one could easily fit about 7 opportunities on the site, which, at R28 000 per opportunity implies the following market value:

$$R28\ 000/\text{opportunity} \times 7 \text{ opportunities} = R196\ 000 \text{ (exclusive of VAT)}$$

The latter figure equates to R94/m² of land.

However, in the event of the City selling the subject property in terms of its Policy On The Management Of Council's Immoveable Property, with particular reference to the section which states "Immovable property may be alienated to social care users, the purchase price payable shall, unless otherwise directed by Council, be fixed at between 10% and 25% of market value, subject to a suitable reversionary clause being registered against the Title Deed of the property."

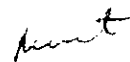
Therefore, in this transaction it is recommended that the price be determined at 25% of market value, subject to a suitable reversionary clause being imposed, that is:

$$R196\ 000 \times 25\% = R49\ 000 \text{ (excluding VAT)}$$

13. Recommendation

It is recommended that Erf 43793, Khayelitsha, measuring approximately 2 086 m², be sold for purposes of housing a place of worship at **R49 000, excluding VAT or costs**, subject to a suitable reversionary clause being registered against the title deed of the subject property.

- (i) The purchase price to be adjusted on the basis of 5% per annum, compounded annually on a *pro rata* basis from date of valuation. Accordingly the above recommended purchase price is to be adjusted as from 2015-04-01 (i.e. by 5% +12 months x number of months).
- (ii) This valuation is to be reviewed if not implemented within 18 months from date of valuation (i.e. by 2016-04-01).



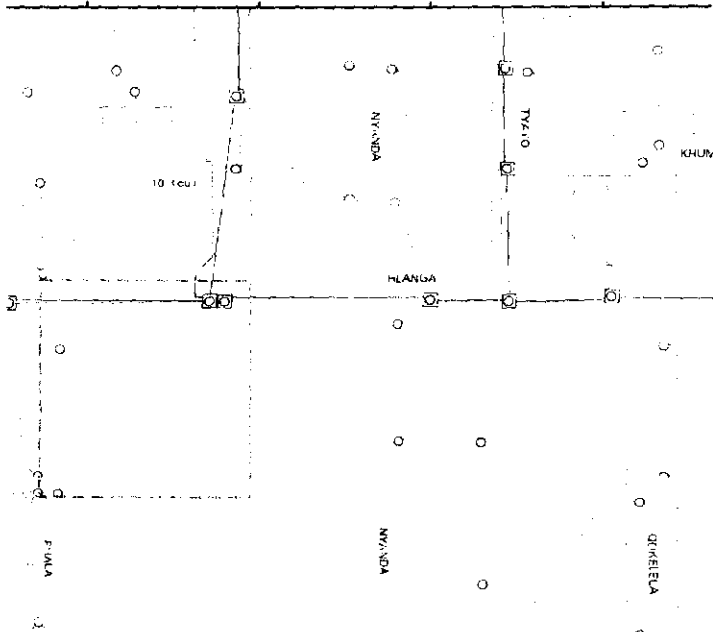
Randolph Mort
Professional Valuer




Paul Pendlebury
Head: Market Valuations

2014-09-17

Annexure A



		KHAYELITSHA CNC ERF 43793, HLANGA CRESCENT KHAYELITSHA CITY OF CAPE TOWN	
	AUTH: DATE:	WAYLEAVE REQUEST 00386/	
	CADD: DATE:	SET	SHEET
	SCALE: 1:100 THIS DRAWING IS THE PROPERTY OF ESKOM DRAWN: A. KOTHA DATE: 2014/05/11		

24SUB 16/10/14

PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE DISPOSAL OF VACANT ERF 43793, SITUATED AT 95 HLANGA CRESCENT, KHAYELITSHA, ZONED GENERAL BUSINESS 4

Rashard Davids gave a brief overview report and answered the questions of clarity on the abovementioned item.

COMMENTS

Cllr X Sotashe indicated that Pastor Maseko had approached the Sub-council for this church site.

Cllr M Mkutswana wanted to know the timeframes.

Cllr M Nguzo wanted to know processes to be followed to get a piece of land because there are other churches that are looking for pieces of land for church sites.

RESPONSES

Mr Rashard Davids was not sure of the timeframes due to legal processes to be followed.

He said that churches should submit their applications through Western Cape Ministries Forum to the City of Cape Town and for more information regarding pieces of land for church sites Cllr M Nguzo was advised to contact his office.

RESOLVED

Not delegated: for decision by Council:

For the reasons set out in the report it is recommended that:

1. In terms of section 14(2) (a) of the local government: Municipal Finance Management Act (MFMA), Act 56 of 2003, erf 43793 Khayelitsha, situated at 95 Hlanga Crescent, Khayelitsha, in extent 2 086 m2, be regarded as not being required for the provision of the minimum level of basic municipal services and be disposed of at fair market value.
2. In terms of regulation 5(1) (b) of the municipal Asset Transfer Regulations (MATR) (R878) promulgated on 22 August 2008, Council approve in principle the disposal of erf 43793 as described in 7.1).
3. Erf 43793 be disposed of by public competition subject to the conditions to be imposed by the Director: Property Management in exercise of her delegated authority.
4. Any gain or loss incurred by the municipality in respect of the transfer of an asset be included in the adjustment budget of the municipality (section 28 and 87 of the MFMA), if not budgeted for in the approved annual budget.
5. It be confirmed that, when considering the alienation of the land at less than market value, as provided for in section 15.3 of Council's Policy on the Management of certain of the City of Cape Town's Immovable Property, the contents of regulation 13(2) of the Municipal Asset Transfer Regulations have duly been taken into consideration.
6. It should be noted that the intention is to consider the application received from the Salvation Church to purchase the property for the development of an extension to their current church which is located on Erf 43801 Khayelitsha, adjacent to the subject property

FOR INFORMATION: RASHARD DAVIDS