COUNCIL OF THE CITY OF CAPE TOWN

26 MAY 2016

ITEM NUMBER: C 45/05/16

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 17 MAY 2016

MC 34/05/16 PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE SALE BY PUBLIC COMPETITION OF VACANT ERF 37861, DENNEGEUR AVENUE, STRANDFONTEIN, FOR COMMUNITY PURPOSES

It is **RECOMMENDED** that:

- (a) in terms of Section 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003:
 - (i) Council resolve that vacant land being vacant Erf 37861, Dennegeur Avenue, Strandfontein, approximately 714 m² in extent, zoned Community Zone 2: Regional (C02), shown lettered ABCD on Plan STC 389/1 attached as Annexure A to the report on the agenda, be regarded as not being required for the provision of the minimum level of basic municipal services;
 - (ii) Council confirm that the fair market values of the assets described in (a)(i) and the economic and community value to be received in exchange for the assets described in (a)(i) have been considered.
- (b) in terms of Regulation 5(1)(b) of the Municipal Asset Transfer Regulations (MATR) R.878 promulgated on 22 August 2008, Council approve in principle the sale of vacant Erf 37861, Dennegeur Avenue, Strandfontein as described in (a)(i) above
- (c) vacant Erf 37861, Dennegeur Avenue, Strandfontein, be sold by public competition at a discounted value for community and/or social care purposes as provided for in Clause 15.3 of Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority
- (d) Council confirm that when considering the sale of the properties at less than market value as provided for in terms of Clause 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 MATR have been duly taken into account

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COUNCIL OF THE CITY OF CAPE TOWN

26 MAY 2016

(e) any gain or loss incurred by the municipality in respect of the transfer of the assets be included in the adjustment budget of the municipality.

PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE SALE BY PUBLIC COMPETITION OF VACANT ERF 37861, DENNEGEUR AVENUE, STRANDFONTEIN. FOR COMMUNITY PURPOSES.

MC 34/05/16 VOORGESTELDE VERLENING VAN BEGINSELGOEDKEURING VIR DIE VERKOOP VAN ONBEBOUDE ERF 37861, DENNEGEURLAAN, STRANDFONTEIN VIR GEMEENSKAPSDOELEINDES.

> ISIPHAKAMISO SOKUNIKEZELWA KWESIPHUMEZO NGOKOMTHETHO-SISEKO SOKUTHENGISWA NGOKOKHUPHISWANO LOLUNTU, KWESIZA-37861 ESIVULELEKILEYO ESISE-DENNEGEUR AVENUE, STRANDFONTEIN, KULUNGISELELWA IMIBANDELA YOLUNTU

> Property Management representative was present to answer any question for clarity

RECOMMENDATIONS

Not delegated: for decision by Council

It is recommended that:

- a) In terms of section 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003:
 - (i) Council resolve that vacant land being vacant Erf 37861 Dennegeur Avenue, Strandfontein, approximately 714 m² in extent, zoned Community Zone 2: Regional (CO2), shown lettered ABCD on Plan STC 389/1 (Annexure "A"), be regarded as not being required for the provision of the minimum level of basic municipal services; and
 - (ii) Council confirm that the fair market values of the assets described in (a)(i) and the economic and community value to be received in exchange for the assets described in (a)(i) have been considered;
- b) In terms of regulation 5(1)(b) of the Municipal Asset Transfer Regulations (MATR) R.878 promulgated on 22 August 2008, Council approve in principle the sale of vacant Erf, 37861 Dennegeur Avenue, Strandfontein as described in (a)(i);
- c) Vacant Erf 37861 Dennegeur Avenue, Strandfontein, be sold by public competition at a discounted value for community and/or social care purposes as provided for in clause 15.3 of Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority;
- d) Council confirm that when considering the sale of the properties at less than market value as provided for in terms of clause 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 MATR have been duly taken into account; and
- e) Any gain or loss incurred by the municipality in respect of the transfer of the assets be included in the adjustment budget of the municipality



(sections 28 and 87 of the MFMA), if not budgeted for in the approved annual budget.

AANBEVELINGS

111

206

Nie gedelegeer nie: vir besluitneming deur die Raad

Daar word aanbeveel dat:

- a) Ingevolge artikel 14(2)(a) en (b) van die Plaaslike Regering: Wet op Munisipale Finansiële Bestuur (MFMA), Wet 56 van 2003:
 - (i) Die Raad besluit dat onbeboude grond, naamlik erf 37861 Dennegeurlaan, Strandfontein, ongeveer 714 m² groot, gesoneer gemeenskapsone 2: streeks- (CO2), aangetoon deur letters ABCD op plan STC 389/1 (bylae "A"), nie vir die verskaffing van die minimum vlak basiese dienste benodig word nie; en
 - (ii) Die Raad bevestig dat die billike markwaardes van die bates wat in (a)(i) beskryf word en die ekonomiese en gemeenskapswaarde wat ontvang sal word vir die bates wat in (a)(i) beskryf word, in ag geneem is;
- b) Ingevolge regulasie 5(1)(b) van die regulasies op die oordrag van munisipale bates (MATR) R.878 gepromulgeer op 22 Augustus 2008, die Raad die verkoop van onbeboude erf 37861 Dennegeurlaan, Strandfontein soos beskryf in (a)(i) in beginsel goedkeur;
- c) Onbeboude erf 37861 Dennegeurlaan, Strandfontein, verkoop word deur openbare mededinging teen 'n afslagwaarde vir gemeenskapsen/of maatskaplikesorgdoeleindes soos bepaal in klousule 15.3 van die Raad se beleid op die bestuur van sekere van die Stad Kaapstad se onroerende eiendom, onderworpe aan die voorwaardes wat die direkteur; eiendomsbestuur in die uitoefening van haar gedelegeerde bevoegdheid oplê;
- d) Die Raad bevestig dat by die oorweging van die verkoop van die eiendomme teen laer as markwaarde soos bepaal ingevolge klousule 15.3 van die Raad se beleid op die bestuur van sekere van die Stad Kaapstad se onroerende eiendom, die inhoud van regulasie 13(2) van die MATR na behore in ag geneem is; en
- e) Enige wins of verlies vir die munisipaliteit wat spruit uit die oordrag van die bates in die aansuiweringsbegroting van die munisipaliteit ingesluit word (artikels 28 en 87 van die MFMA) indien daar nie in die goedgekeurde jaarlikse begroting daarvoor voorsiening gemaak is nie.

IZINDULULO

Azigunyazisanga: isigqibo seseBhunga

Kundululwe ukuba:

- a) Ngokwamacandelo-14(2)(a) no-(b) oMthetho woLawulo lweziMali zikaMasipala (MFMA) ongunomb.56 wango-2003:
 - (i) IBhunga malithabathe isigqibo sokuba isiza-37861, esise-Dennegeur Avenue, e-Strandfontein, esibukhulu obumalunga nama-714 m², esicandwe njengoommandla-2 ongowoluntu: iNgqingqi (CO2), obonakaliswe ngoonobumba abakhulu u- ABCD



kwiplani engu-STC 389/1 (isihlomelo-A, asifuneki nganto ukuba sibonelele ngomlinganiselo othile weenkonzo 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 ukuthengiswa kwesiza-37861, Dennegeur Avenue, e-Strandfontein, njengoko kukhankanywe ku-(a) (i) ngentla apha;
- c) Isiza-37861, esise-Dennegeur Avenue, e-Strandfontein, masinikezelwe/sithengiswe ngokokhuphiswano loluntu, ngexabiso lesaphulelo kulungiselelwa imibandela yoluntu nonakekelo lwentlalo njengoko kubonelelwe lisolotya-15.3 loMgaqo-nkqubo weBhunga ongoLawulo lweePropati ezithile ezingenakususwa zeSixeko saseKapa, ngokuxhomekeke kwimiqathango eyakuthi inyanzeliswe nguMlawuli woLawulo lwePropati esebenzisa amagunya akhe awagunyazisiweyo;
- d) IBhunga ukuba kuthathelwa inggalelo maliginisekise xa kweepropati ezingaphantsi kwexabiso lasemakethi, ukuthengiswa njengoko kubonelelwe kwisolotya-15.3 loMgago-nkgubo weBhunga ezithile ezingenakususwa weSixeko ongoLawulo IweePropati saseKapa, ziye zathathelwa inggalelo iziqulatho zoMgaqo-13(2) weMigago engoTshintshelo lweeMpahla kaMasipala (MATR); kwakhona
- e) Nayiphina ingeniso okanye ilahleko kumasipala ngokujoliswe ekutshintshelweni kwempahla, mayiqukwe kulungelelaniso lohlahlolwabiwo-mali lukamasipala (amacandelo-28 nele-87 le-MFMA) ukuba ayibhajethelwanga kuhlahlo-lwabiwo-mali lonyaka oluphunyeziweyo.

ACTION: A HUMAN; R GELDERBLOEM

It is noted that this resolution is in line with Supply Chain Management Policy.

COMMENT:

MR RICHARD WOOTTON EMPLOYEE NO: 10207948 CHAIRPERSON : IMMOVABLE PROPERTY ADJUDICATION COMMITTEE

DATE:

12/4/16

209

LCP 950

IPAC 55/03/2016



Making progress possible. Together.

REPORT TO IMMOVABLE PROPERTY ADJUDICATION COMMITTEE

1. ITEM NUMBER:

2. SUBJECT: PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE SALE BY PUBLIC COMPETITION OF VACANT ERF 37861, DENNEGEUR AVENUE, STRANDFONTEIN. FOR COMMUNITY PURPOSES.

1.11

ONDERWERP: VOORGESTELDE VERLENING VAN BEGINSELGOEDKEURING VIR DIE VERKOOP VAN ONBEBOUDE ERF 37861, DENNEGEURLAAN, STRANDFONTEIN VIR GEMEENSKAPSDOELEINDES.

ISIHLOKO:

ISIPHAKAMISO SOKUNIKEZELWA KWESIPHUMEZO NGOKOMTHETHO-SISEKO SOKUTHENGISWA NGOKOKHUPHISWANO LOLUNTU, KWESIZA-37861 ESIVULELEKILEYO ESISE-DENNEGEUR AVENUE, STRANDFONTEIN, KULUNGISELELWA IMI8ANDELA YOLUNTU

[LSU G4620]

3. STRATEGIC INTENT

SFA 1: THE OPPORTUNITY CITY

Objective 1.5	Leverage the City's assets to drive economic growth and sustainable development
Programme 1.5(a)	City strategic assets investigation

4. PURPOSE

To obtain Council's in-principle approval to proceed with the sale by public competition of City-owned vacant land, being Erf 37861, Dennegeur Avenue, Strandfontein, in extent approximately 714 m², zoned Community 2: Regional purposes shown lettered ABCD on Plan STC 389/1 (Annexure "A"), for community purposes.

5. FOR DECISION BY

This report is for decision by Council

The legal provision for this non-delegable authority can be found in section 14 of the Municipal Finance Management Act, Act 56 of 2003 and regulation 5 of the Municipal Asset Transfer Regulations of 2008.

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6. EXECUTIVE SUMMARY

PURPOSE	To obtain Council's in-principle approval for the sale by public competition of City-owned vacant land, Erf 37861, Dennegeur Avenue, Strandfontein	
Property description	Erf 37861, Dennegeur Avenue, Strandfontein	
Site extent	714 m ²	
Current zoning	zoned Community 2: Regional purposes (CO2)	
Current usage	Vacantiand	
Proposed usage	Community	
Desktop value discounted in terms of policy	R87 500, excluding vat	
Public participation outcome summary	No objections	
WARD COUNCILLOR Elton Enrique Jansen	NOTICE DATE 31st March 2015	WARD 19

7. **RECOMMENDATIONS**

Not delegated: for decision by Council

It is recommended that:

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 - (i) Council resolve that vacant land being vacant Erf 37861 Dennegeur Avenue, Strandfontein, approximately 714 m² in extent, zoned Community Zone 2: Regional (CO2), shown lettered ABCD on Plan STC 389/1 (Annexure "A"), be regarded as not being required for the provision of the minimum level of basic municipal services; and
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AANBEVELINGS

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- c) Onbeboude erf 37861 Dennegeurlaan, Strandfontein, verkoop word deur openbare mededinging teen 'n afslagwaarde vir gemeenskaps- en/of maatskaplikesorgdoeleindes soos bepaal in klousule 15.3 van die Raad se beleid op die bestuur van sekere van die Stad Kaapstad se onroerende eiendom, onderworpe aan die voorwaardes wat die direkteur; eiendomsbestuur in die uitoefening van haar gedelegeerde bevoegdheid oplê;
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 - (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);
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Avenue, e-Strandfontein, njengoko kukhankanywe ku-(a) (i) ngentla apha;

- c) Isiza-37861, esise-Dennegeur e-Strandfontein, Avenue, masinikezelwe/sithengiswe ngokokhuphiswano loluntu, ngexabiso kulungiselelwa imibandela yoluntu nonakekelo lwentlalo lesaphulelo kubonelelwe lisolotya-15.3 loMgaqo-nkqubo njengoko weBhunga ongoLawulo lweePropati ezithile ezingenakususwa zeSixeko saseKapa, kwimiqathango ngokuxhomekeke eyakuthi invanzeliswe nguMlawuli woLawulo lwePropati esebenzisa amagunya akhe awagunyazisiweyo;
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- e) Nayiphina ingeniso okanye ilahleko kumasipala ngokujoliswe ekutshintshelweni kwempahla, mayiqukwe kulungelelaniso lohlahlo-lwabiwomali lukamasipala (amacandelo-28 nele-87 le-MFMA) ukuba ayibhajethelwanga kuhlahlo-lwabiwo-mali lonyaka oluphunyeziweyo.

8. DISCUSSION/CONTENTS

8.1. <u>Background</u>

Vacant Erf 37861 Dennegeur Avenue, Strandfontein has been identified for sale and has been included in the Property Management Disposal Programme for the 2015/16 financial year.

The property is zoned Community Zone 2: Regional (CO2) and measures approximately 714 m² in extent as shown on the attached plan **(Annexure "A")**. It is intended to dispose of the property with its current zoning.

8.2. <u>Public Participation</u>

In accordance with the authority obtained from the Director: Property Management on 23 March 2015, Council's intention to sell the subject property was advertised as follows:

Advertising	Cape Times & Burger	27 March 2015
	Provincial & National Treasury	1 April 2015
	Ward Councillor	1 April 2015
	Subcouncil Chair & Manager	1 April 2015
Outcome	Objections	No
	Ward Councilior's support	No comment

8.3. Constitutional and Policy Implications

- (i) 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 (C54/08/10), permits the sale of immovable property; and
- (ii) A resolution to proceed with the sale of these properties is supported by the applicable policies.

8.4. <u>Sustainability Implications</u>

Does the activity in this report have any sustainability	No 🛛	Yes 🗌
implications for the City?		

8.5. Legal Implications

- (i) The proposal complies with section 14 of the Municipal Finance Management Act (MFMA), Act 56 of 2003; and
- (ii) The disposal of municipal capital assets is governed by Chapter 2 of the Municipal Asset Transfer Regulations (MATR);

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

- The erven (assets) are not needed for basic municipal services; and
- The fair market value of the assets and the economic and community value to be received in exchange for the assets have been considered.

In terms of **Reg 7 of the MATR**, Council must take into account a number of factors (highlighted in bold) when considering any proposal to transfer or sell nonexempted capital assets and it is herewith confirmed that:

Factor A: Whether assets are required for municipality's own use at later date (also Sec 14(1), Sec 14(2)(a) and Sec 90(1) of MFMA)

Council's service branches have confirmed that the asset is not required for its own purposes.

Factor B: Loss or gain expected to result from proposed transfer

1.1

Council will not make a loss, but will gain on receipt of discounted market value, future rates and taxes, and the sale will facilitate social support infrastructure and social returns.

Factor C: Significant economic or financial cost or benefit to municipality/compensation

Council will receive a financial benefit in the form of the sale price as well as future rates and taxes in respect of the property.

A desktop valuation **(Annexure "B")** carried out by Property Management's Market Valuations Branch estimates the market value of the properties to be in the region of R350 000 exclusive of VAT and transfer costs.

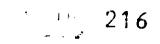
Council's Policy on the Management of Certain of the City's Immovable Property (Chapter B, section 15.3), allows for the disposal of social care sites at purchase prices of between 10% and 25% of the fair market value, subject to a reversionary clause being registered against the title of the property should the asset not be utilised for social purposes. Since it is intended to sell the site for community purposes, it is recommended that the site be sold at 25% of market value i.e. R87 500, excluding vat.

Factor D: Management of risk

There is no operational or control risk to the City

Factor E: Impact on credit rating, financial position, cash flow of municipality

There is no impact



Factor F: Limitations and conditions attached to capital assets

The sale of the property will be subject to a suitable reversionary clause providing that if the property is used for a purpose other than community / social welfare, at the City's discretion the property must either revert to the City at the cost of the Purchaser or the balance of the market value of the property must be paid to the City.

Factor G: Cost of transfer or sale

The normal costs related to advertisements and land surveying, if applicable, will be incurred by Council. The purchaser will be responsible for the transfer costs.

Factor H: Transfer of liabilities and reserve funds associated with the assets

None

Factor I: Stakeholder comments and recommendations

The Council's intention to alienate vacant Erf 37861, Dennegeur Avenue, Strandfontein, was duly advertised to the public in the Cape Times and Die Burger on 27 March 2015.

Copies of the notice were circulated to the Subcouncil Manager, Subcouncil Chairperson, Ward Councillor, Ratepayers Associations, National and Provincial Treasury as well as the relevant departments of the City and to external departments for their comment.

No objections to the intended alienation were received.

Factor J: Views from National and Provincial Treasury

No comments were received.

Factor K: Strategic, legal, and economic interests

Strategic, legal, and economic interests will not be compromised through the alienation of the asset; in fact they will be supported.

Factor L: Compliance with legislative regime that is applicable to proposed transfer or sale

The alienation of the asset is compliant with the Municipal Finance Management Act and the Municipal Asset Transfer Regulations.

In terms of **Reg 13 (2) of the MATR**, Council must take into account a number of factors (highlighted in bold) when considering any proposal to transfer or sell non-



exempted capital assets at less than fair market value, and it is herewith confirmed that:

Factor A: The interests of (i) The State and (ii) the local community have been taken into account:

- (i) It is in the interest of the City to sell the land at less than fair market value; and
- (ii) It is in the interest of the community that the capital assets be made available to it at less than fair market value.

Factor B: The (i) strategic and (ii) economic interests of the City including the longterm effect of the decision on the City:

- (i) The sale fulfils two of the City's strategic goals, being a City of Opportunity and a Caring City; and
- (ii) This sale is not intended to generate economic returns for the City, but it is intended to generate a social return for the community.

A positive long-term effect is expected on the City in that sites utilised for social purposes result in more stable communities with fewer social problems; thereby saving the City's resources.

Factor C: The Constitutional rights and legal interests of all affected parties:

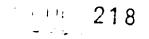
The constitutional rights and interests of affected parties will not be compromised through the sale of the asset.

Factor D: Whether the parties to the transfer should carry more weight than the interest of the local community and how individual interests are weighed against the collective interest:

The sale will not prejudice the local community; in fact it will be in their interest as the asset will be used for community/social purposes. The interests of the community take precedence over those of individuals in that the assets will be required to be used to serve the community in perpetuity.

Factor E: Whether the local community would be better served if the capital assets are transferred at less than fair market value, as opposed to a transfer of the assets at fair market value.

The transferee and community's interests are aligned; if the capital assets are sold at fair market value, it would severely reduce the ability of NPO's/NGO's to purchase the assets in order to develop and use them in terms of their intended land use rights.



8.6. <u>Staff Implications</u>

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

No 🛛

8.7. <u>Risk Implications</u>

No operational or control risk to the City

8.8. Other Services Consulted

The proposed sale of the property was circulated to the relevant departments of the City and to external departments for their comment. All the departments offered no objection to the proposal; however, the Environmental Resource Management Department has stipulated the following condition:

(i) **District Spatial Planning** – Mida Kirova – 021 444 8321 – 2 December 2014

No objection provided that the Social Development Department does not require the site and the disposal for community purposes is given priority over residential purposes so that the benefit for the local community may be maximised.

(ii) Social Development – Ashley Newman – 021 417 4133 13 March 2015

The Social Development and Early Childhood Development Directorate has no objection and no comment.

(iii) Urban Design – Marco Geretto – 021 400 9442 – 26 November 2014

The site is located directly opposite a local level shopping centre. The site is ideally suited for a range of potential uses including low order community facilities and local service related activities (doctor's rooms, etc.) Should the site be disposed of it should retain its current Community zoning. When the site is developed it must comply with the Urban Design Policy 2013. Pre-submission engagement with this department should be a condition of sale.

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9. SUBCOUNCIL RECOMMENDATION/COMMENTS

Subcouncil 19 on 19 June 2015 noted the sale of Vacant Erf 37861 Dennegeur Avenue, Strandfontein. See Item 19SUB 26/06/2015 attached as **(Annexure "C")**.

ANNEXURES

Annexure A:	STC 389/1
Annexure B:	Desktop Valuation Report dated 2015-02-17
Annexure C:	Subcouncil minutes (item 19SUB 26/06/15)
Annexure D:	Summary of branch comments
Annexure C:	Subcouncil minutes (item 19SUB 26/06/15)



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FOR FURTHER DETAILS CONTACT:

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DIRECTORATE	FINANCE
FILE REF NO	HO14/3/4/3/468/A22
SIGNATURE : MANAGER	M-
PROPERTY DEVELOPMENT	24.03.2011
	DIRECTORATE FILE REF NO SIGNATURE : MANAGER

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flexieralver	Comment:
DIRECTOR: PROPERTY MANAGEMENT IN HER CAPACITY AS NOMINEE FOR THE EXECUTIVE DIRECTOR: FINANCE RUBY GELDERBLOEM	
DATE 2010-03.29	
Adreate	REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND <u>ALL</u> LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.
LEGAL COMPLIANCE	NON-COMPLIANT
NAME CHARLYANE ARGNOSE	Comment:
TEL 021 400 1265	Certified as legally compliant:
DATE 31/3/2016	Based on the contents of the report.