



REPORT TO SUBCOUNCIL 20

14

- 1 ITEM NUMBER 20SUB16/04/2022
2 SUBJECT

PROPOSED LEASE OF CITY PREMISES, BEING PORTION OF ERF 66931
CAPE TOWN, SITUATED AT 6 BENJAMIN ROAD, WYNBERG: JAMES
GLEN CAMERON

ONDERWERP

VOORGESTELDE VERHURING VAN STADSPERSEEL, NAAMLIK 'N
GEDEELTE VAN ERF 66931 KAAPSTAD GELEË TE BENJAMINWEG 6,
WYNBERG: JAMES GLEN CAMERON

ISIHLOKO

ISIPHAKAMISO SENGQESHISO NGEZAKHIWO ZESIXEKO, ISIQEPHU
SESIZA 66933 EKAPA ESIME KWA8 BENJAMIN ROAD, WYNBERG,
EKAPA: JAMES GLEN CAMERON

PTMS No:130005272
File ref no:14/2/2/1/2/152/A00
(Category 2- Residential)

3 DELEGATED AUTHORITY

- The report is for comment by the subcouncil to the competent authority in terms of Part 24, Delegation 10(1).

"To comment to the competent authority on the granting of rights to use, manage or control City immovable assets such as land, property and buildings and to recommend conditions of approval where deemed necessary."

- The following delegation was conferred upon the City Manager in terms of delegations Part 27B, paragraph 19(5). The City Manager has subdelegated this delegation to the Director: Property Management.

"To approve the granting of rights to use, manager or control capital assets of a value less than R10 million and for a period not longer than three years, provided that this delegation may only be exercised after considering the comments of the subcouncil in whose area of jurisdiction the capital asset is situated.

Final decision lies with Director: Property Management.

4 EXECUTIVE SUMMARY

PURPOSE OF REPORT	Proposed lease of City-owned residential property, being a portion of Erf 66931 Cape Town, situated at 6 Benjamin Road, Wynberg		
Site extent	±288m ²		
Submission date	23 April 202		
Current zoning	Residential		
Current usage	Residential		
Proposed usage	Residential		
WARD CLLR	NOTICE DATE	WARD	
Emile Langenhoven	3 March 2022	62	
Internal circulation date	15 February 2022		
Internal department comments	No objections		
Public participation outcome summary	Advertised in the Cape Argus and Die Burger on 28 May 2021. No objections received.		
Viable	Yes		No X
	<p>A competitive process is followed when an improved property is tenanted. Standard application forms are available to all interested parties and applicants who qualifies in terms of the said criteria are registered on the Property Management database.</p> <p>The requirements are:</p> <ol style="list-style-type: none"> 1. Applicants must earn 3 x the rental to qualify; 2. Positive references of previous lessor(s); 3. Must be employed for at least 6 months; 4. No default judgments against your name. <p>When a residential property becomes available, the property is refurbished, a market related rental determined and tenants are selected from the database based on affordability and best fit.</p>		

Recommended decision	Approval	X	Refusal	
Regulation 34(1) In-principle approval	Granted by Director: Property Management in terms of delegated authority prior to 5 January 2017			
Factors motivating recommendation:	<ul style="list-style-type: none"> Council will receive a financial benefit in the form of a market related rental 			
Strategic intent	SFA 1 : an opportunity city			
	Objective 1.1	Positioning Cape Town as a 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 the lease of City premises, Erf 66931 Cape Town, situated at 6 Benjamin Road, Wynberg shown hatched on the aerial photograph marked **Annexure A**, in extent approximately $\pm 288\text{m}^2$, to James Glen Cameron, be approved subject to inter alia the following conditions, that:

- a) A market rental of R4 200.00 per month, inclusive of rates and exclusive of VAT per month compounding with effect from 1 September 2021;
- b) The rental will escalate at 6% per annum;
- c) The lease will endure for a period of three years;
- d) The property be used for residential purposes only;
- e) Subject to such further conditions to be imposed by the Director: Property Management in terms of her delegated authority;
- f) Subject to compliance with any other statutory requirements;
- g) No compensation will be payable for any improvement made to the property;
- h) The lessee is to ensure that the necessary land use permissions, if applicable, are in place for the duration of the lease period.

AANBEVELINGS VIR OORWEGING EN KOMMENTAAR DEUR DIE BETROKKE SUBRAAD

Daar word aanbeveel dat die verhuring van 'n Stadperseel, erf 66931 Kaapstad geleë te Benjaminweg 6, Wynberg, aangetoon deur arsering op die lugfoto gemerk **bylae A**, ongeveer 288 m² groot, aan James Glen Cameron, goedgekeur word, onderworpe aan die volgende voorwaardes, naamlik dat:

- a) 'n Markhuurgeld van R4 200, eiendomsbelasting ingesluit en BTW uitgesluit, saamgestel vanaf 1 September 2021, betaalbaar is;
- b) Die huurgeld teen 6% per jaar sal styg;
- c) Die huurtermyn drie jaar sal wees;
- d) Die eiendom slegs vir residensiële doeleindes gebruik mag word;
- e) Onderworpe aan sodanige verdere voorwaardes opgelê deur die direkteur: eiendomsbestuur in die uitvoering van haar gedelegeerde bevoegdheid;
- f) Onderworpe aan die nakoming van enige ander statutêre vereistes;
- g) Geen vergoeding betaal sal word vir enige verbetering wat aan die eiendom aangebring word nie;
- h) Die huurder moet seker maak dat al die nodige grondgebruiktoestemmings vir die duur van die huurooreenkoms verkry is, indien van toepassing.

IZINDULULO UKUBA ZIQWALASELWE KWAYE KUVAKALISWE ULUVO LIBHUNGANA ELIFANELEKILEYO

Kundululwe ukuba makuphunyezwe ingqeshiso yezakhiwo zeSixeko, osisiza 66931 eKapa esime kwa6 Benjamin Road, Wynberg esibonakaliswe ngemigca ekweliweyo kwifoto lasemoyeni eliphawulwe **isihlomelo A**, esibukhulu obumalunga nama±288m², kuJames Glen Cameron ngokuxhomekeke phakathi kwezinye izinto kule miqathango ilandelayo, yokuba:

- a) Makuhlawulwe ixabiso larenti elingamaR4 200 ngenyanga, kuquka iintlawulo zobuhlali ngaphandle kweRhafuntengo ngenyanga ukususela ngowo1 kweyoMsintsi 2021;
- b) Irenti iyakuthi inyuke nge-6% ngonyaka;
- c) Ingqeshiso iza kuhlala isithuba seminyaka emithathu;
- d) Ipropati mayisetyenziselwe kuphela imibandela yendawo yokuhlala;
- e) Ngokuxhomekeke kweminye imiqathango eyongeziweyo eya kumiselwa nguMlawuli: woLawulo lwepropati ngokwamagunya akhe agunyazisiweyo;
- f) Ngokuxhomekeke ekuthotyelweni kwayo nayiphi na imiqathango yomthetho engeminye;

- g) Akusayi kuhlawulwa mbuyekezo ngophuculo oluthe lwenziwa kwipropati;
- h) mqeshi kufuneka aqinisekise ukuba iimvume zosetyenziso lomhlaba ezifunekayo, ukuba kufanelekile, zimi ngendlela ngeli xesha lengqeshiso.

6 DISCUSSION/CONTENTS

6.1 BACKGROUND:

James Glen Cameron and Patricia Bernadette Cameron was leasing the subject property since 1 March 1996 until Mrs Cameron's passing on 16 May 2019, afterwhich the lease continued only in Mr Cameron's name. An Addendum was concluded on 14 January 2020 which amended the initial lease period from an indefinite period to a fixed end date of 28 February 2021. The lease continued on a tacit relocation principle in order to allow Mr Cameron to obtain SARS Tax Clearance.

A request to remain in occupation was received from James Glen Cameron to continue leasing the subject property. A valuation was requested in order to determine the applicable market related rental. The new proposed market related rental was proposed to Mr Cameron, which he subsequently accepted.

The necessary procedures were followed to ensure that James Glen Cameron still meets the minimum requirements, in order to be considered as a potential tenant.

Mr Cameron is not an employee of the City of Cape Town.

6.2 CONSULTATION WITH INTERNAL BRANCHES:

The various Council departments were consulted and had no objection to the lease subject to the following conditions that will form part of the lease agreement:

6.3 VALUATION

The City's Professional Valuers on 28 February 2021 assessed the rental value of the subject property at R4 200.00 excluding VAT (if applicable). The valuation synopsis is attached to the report as **Annexure B**.

The escalation rate was reduced to 6% from 1 April 2020 on account of the coronavirus and the resultant economic fallout, which has dampened growth prospects for the property market.

6.4 CONSTITUTIONAL AND POLICY IMPLICATIONS

6.4.1 Chapter C of Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property (approved by Council 26 August 2010, C 54/08/10), permits the leasing of immovable property.

6.4.2 The proposal complies with the provisions of Regulation 34 of Chapter 4 of the MATR in that a right to use, control or manage a capital asset may be granted.

6.5 FINANCIAL IMPLICATIONS

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

6.6 TAX COMPLIANCE

Paragraph 98.3 of the City's Supply Chain Management Policy, approved by Council on 30 May 2019 (C18/05/19), stipulates that 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.

Paragraph 99 of the City's Supply Chain Management Policy, approved by Council on 30 May 2019 (C18/05/19), stipulates: "Irrespective of the procurement process, the City may not make any award above R15 000,00 to a person whose tax matters have not been declared by the SARS to be in order."

Paragraphs 372 – 375 of the aforementioned 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 99 above and applicants need to submit a SARS clearance certificate or exemption certificate for the sale of all City-owned immovable property. Except for tariff-based rentals, which do not exceed R15 000, all applicants need to submit a SARS clearance or exemption certificate for the leasing of City-owned immovable property.

Applicant has complied. See tax clearance certificate attached hereto as **Annexure C**.

6.7 FINANCIAL DUE DILIGENCE

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

6.8 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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6.9 LEGAL IMPLICATIONS

Regulation 36 of the MATR

In terms of the above regulation, Council must take into account a number of factors (highlighted in bold) when considering any proposed granting of rights to use, control or manage municipal capital assets, and it is herewith confirmed that:

Whether asset may be required for the municipality's own use during the period for which the right is to be granted

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

Extent to which any compensation to be received, estimated value of improvements or enhancements the party the right is granted to, will be required to make, economic or financial benefit to the City

Council will receive a financial benefit in the form of a monthly market-related rental being R4 200.00 per month, escalating at 6% per annum.

Management of risk

No operational or control risk to the City.

Stakeholder comments and recommendations

The The Acting Director: Property Management in terms of his/her delegated powers, has approved the public participation process as required, resulting in the proposed lease being advertised in the Cape Argus and Die Burger on *28 May 2021*. Closing dates for objections were *28 June 2021*. Copies of the advertisement were sent to the ward councillor, manager and chairperson of the relevant subcouncil and registered local community organisations. No objections were received.

Views from National and Provincial Treasury

In terms of Regulation 34 of the MATR the subject property falls within the category of a capital asset in respect of which the proposed right to be granted has a value of less than R10 million and a period exceeding three years applies (non-significant property right). National and Provincial Treasury have been notified. No objections were received.

Strategic, legal and economic interests

None of these interests will be compromised through the granting of the right to use, control or manage the asset. In fact, they will be supported.

Compliance with legislative regime applicable to proposed granting of rights

Granting of the right to use, control or manage the asset is compliant with the Municipal Finance Management Act, Municipal Asset Transfer Regulations and Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property.

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

6.11 POPIA COMPLIANCE

It is confirmed that this report has been checked and considered for POPIA Compliance.

POPIA allows the processing of personal information where it is necessary to comply with an obligation that is imposed by law [sec 15(3)(c)(ii)]. The inclusion of the applicant's details is an essential element of the a lease/sale.

ANNEXURES

Annexure A: Sketch Plan
Annexure B: Valuation Synopsis
Annexure C: Tax clearance certificate

FOR FURTHER DETAILS CONTACT:

NAME CHAD JACOBS CONTACT NUMBER 021 444 4944
E-MAIL ADDRESS CHAD.JACOBS@CAPETOWN.GOV.ZA
DIRECTORATE ECONOMIC GROWTH
FILE REF NO 14/2/2/1/2/152/A00 PTMS NO 130005272

HEAD:

Isaac Martin
Digitally signed by Isaac Martin
Date: 2022.03.10 14:19:14 +02'00'

MANAGER: PROPERTY HOLDING
RACHEL SCHNACKENBERG

Rachel Schnackenberg
Digitally signed by Rachel Schnackenberg
Date: 2022.03.11 07:35:09 +02'00'

**ACTING DIRECTOR: PROPERTY MANAGEMENT IN HIS CAPACITY AS EXECUTIVE DIRECTOR:
ECONOMIC GROWTH NOMINEE**

NAME MICHAEL SIMS COMMENT:

SIGNATURE

Michael Sims
Digitally signed by Michael Sims
Date: 2022.03.11 12:04:20 +02'00'

The ED's signature represents support for report content and confirms POPIA compliance.

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

COMMENT:

DATE

SIGNATURE

Joan-Mari Holt
Digitally signed by Joan-Mari Holt
Date: 2022.03.15 12:39:29 +02'00'

Certified as legally compliant based on the contents of the report.

COMMENT


RICHARD WHITE
SUBCOUNCIL MANAGER

Tel No. 021 444 8112

DATE: 11 / 4 / 22

ANNEXURE A



ANNEXURE B

Annexure

VALUATION SYNOPSIS: MARKET RENTAL VALUATION OF IMPROVEMENTS ON ERF 66931 CAPE TOWN AT 6 BENJAMIN ROAD, WYNBERG: JAMES CAMERON

BACKGROUND

The City's Professional Valuer on 2021-02-28 assessed a market rental of the residential improvement on Erf 66931 Cape Town at 6 Benjamin Road, Wynberg (hereafter 'the subject property') at R4 200 per month (inclusive of rates and exclusive of VAT).

SALIENT INFORMATION OF SUBJECT PROPERTY

Location	Erf 66931 Cape Town		
Address	6 Benjamin Road, Wynberg		
Status	Occupied by James Cameron		
Extents	Site extent: 288m ² Dwelling: 126m ² Front porch: 16m ² Covered area: 7m ²		
Condition & renovations	The property is in an extremely poor condition requiring substantial maintenance and repairs. There are cracks and mould on the walls and ceiling throughout the house.		
Primary use	Residential		
Accommodation	Bedroom	3	Wooden flooring with old damaged carpets. Damp and mould on the walls and ceiling. In an overall poor condition requiring paint and repair.
	Living room	1	Wooden flooring. In a poor condition, requiring paint and repair. The paint is peeling off the walls, tiles are broken and terrible mould and cracks on the walls and ceiling.
	Kitchen	1	Old damaged cupboards with a single sink. Leads to the pantry. The paint is peeling off the walls, tiles are broken and terrible mould and cracks on the walls and ceiling.
	Bathroom	1	Comprises a bath and basin with no peyser. Separate toilet. In a decrepit state, requiring urgent repair. The paint is peeling off the walls, tiles are broken and terrible mould and cracks on the walls and ceiling.
	Back yard		Medium-sized backyard with overgrown grass. Outside toilet not in use and utilised as a shed. No onsite parking.
GV 2018 and rates	R3 300 000 for the entire site, with rates amounting to R1 442,50 per month. Rates apportionment is estimated to be in the region R720.		
Lease period	01-03-1996 to 28-02-2021		
Current rental	R1 939,82 per month, escalating at 8%		
Arrears	According to the brief, the tenant is R11 231,72 in arrears.		
Comments	Semi-detached dwelling under a corrugated iron roof with pvc gutters and down pipes, with no garage. It is centrally located and is within easy walking distance from the Main Road and shops.		







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METHODOLOGY

The most widely and accepted method of valuation used to determine the rental quantum of the subject property is the Direct Comparison Method of valuation. With this method, rentals of comparable properties in the precinct of the subject property are researched and compared to the subject property with adjustments made for differences in value forming attributes if deemed necessary.

MARKET RESEARCH

Comparable residential property rentals											
#	Description	Extents (m ²)		Accommodation						Rental	Comments
		Site	Dwg								
1	5 Sherard Square, Wynberg	175	78	2	1	1	1	-	-	R7 500	Semi-detached property valued in November 2020 at R7 500, effective 2021-07-01 and in a good condition. Offers inferior extents and accommodation, but in a far superior condition. A downward adjustment is warranted.
2	11 Kemms Road, Wynberg	210	78	3	1	1	1	-	-	R8 750	Semi-detached property in a good condition and valued in October 2020, effective 2021-05-01. Offers inferior extents, but similar accommodation and in far superior condition. It also offers onsite parking in the backyard. A downward adjustment is warranted.
3	4 Chichester Road, Claremont	250	98	2	-	1	1	-	-	R6 184	Semi-detached property valued in January 2020 at R5 800, effective 2020-04-01 and in a poor condition. Offers inferior extents and accommodation, but slightly superior condition. Situated on a busy road, with no off-street parking. A downward adjustment is warranted.
4	51 Consort Road, Heathfield	300	59	2	1	1	1	-	-	R3 928	Semi-detached property valued in May 2019 at R3 500, effective 2019-08-01 and in a poor condition. Offers inferior extents, accommodation and location, but slightly superior condition and allows onsite parking in the backyard. A slight upward adjustment is warranted.

CONCLUSION

Taking cognizance of the abovementioned market research, location and extremely poor condition of the subject property, it is the writers' opinion that a rental in the order of R4 200 per month (inclusive of rates) is considered fair and reasonable to apply. The proposed rental is low, but is reflective of the condition of the property. Should the property be refurbished, a rental in the region of R8 500 per month and up could be achieved.

RECOMMENDATIONS

That a rental of R4 200 per month, (inclusive of rates and exclusive of VAT) is recommended, escalating at 6% per annum for a period of three years. The rental is exclusive of all municipal services i.e. water and electricity.

- The monthly rental is to be adjusted on the basis of 6% per annum compounded 6 months from date of this valuation. Accordingly, the above recommended rental is effective and payable as from 2021-09-01.
- The property is valued in its current poor condition.



Aneesah Abrahams
Professional Valuer (Reg. no. 7367/1)



Rosanna Potgieter
Principal Professional Valuer: Rentals

Date: 2021-02-02

ANNEXURE C

TAX COMPLIANCE STATUS VERIFICATION

With reference to your tax compliance status (TCS) verification request, the South African Revenue Service (SARS) confirms the following:

TCS Verification	
Taxpayer Name	James Glen Cameron
Trading Name	Not applicable
Tax Reference Number(s)	*****
PIN	*****
Date of Verification	2022/03/03
Tax Compliance Status Type	Good Standing
Tax Compliance Status	Compliant
Tax Compliance Status Description	The taxpayer is registered for tax and is currently compliant in respect of filing and payment responsibilities.

Should you have any queries please call the SARS Contact Centre on 0800 00 SARS (7277). Remember to have your taxpayer reference number at hand when you call to enable us to assist you promptly.

Sincerely

ISSUED ON BEHALF OF THE SOUTH AFRICAN REVENUE SERVICE