

ITEM NUMBER: C 40/05/16

**RECOMMENDATION FROM THE EXECUTIVE MAYOR: 03 MAY 2016**

**MC 19/05/16 PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE SALE BY PUBLIC COMPETITION OF ERVEN 2978 AND 2979, BISHOPSTONE ROAD, OTTERY, FOR RESIDENTIAL PURPOSES**

It is **RECOMMENDED** that:

- (a) in terms of sections 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003:
  - (i) Council resolve that Erven 2978 and 2979, Bishopstone Road, Ottery, in extent approximately 443 m<sup>2</sup> and 444 m<sup>2</sup> respectively, as lettered ABCDE and ABCDE on Plan LIS 1436v0 attached as Annexure A to the report on the agenda, not be required for the provision of the minimum level of basic municipal services;
  - (ii) Council confirm that the fair market value 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 disposal of Erven 2978 and 2979, Bishopstone Road, Ottery as described in (a)(i) above.
- (c) Erven 2978 and 2979, Bishopstone Road, Ottery, be disposed of by public competition, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority
- (e) any gain or loss incurred by the municipality in respect of the transfer of the assets be included on the adjustment budget of the municipality (sections 28 and 87 of the MFMA), if not budgeted for in the approved annual budget.

IPAC 49/03/2016 PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE SALE BY PUBLIC COMPETITION OF ERVEN 2978 & 2979, BISHOPSTONE ROAD, OTTERY, FOR RESIDENTIAL PURPOSES

MC 19/05/16 VOORGESTELDE TOESTAAN VAN BEGINSSELGOEDKEURING VIR DIE VERKOOP, DEUR OPENBARE MEDEDINGING, VAN ERWE 2978 & 2979, BISHOPSTONEWEG, OTTERY, VIR RESIDENSIËLE DOELEINDES

ISIPHAKAMISO SOKUNIKEZELWA KWESIPHUMEZO NGOKOMTHETHO-SISEKO SOKUTHENGISWA NGOKOKHUPHISWANO LOLUNTU KWEZIZA-2978 NO-2979, EZISE-BISHOPSTONE ROAD, OTTERY, KULUNGISELELWA IMIBANDELA YENDAWO YOKUHLALA

*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 sections 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003:
  - i) Council resolve that erven 2978 and 2979, Bishopstone Road, Ottery, in extent approximately 443m<sup>2</sup> and 444m<sup>2</sup> respectively as shown lettered ABCDE and ABCDE on plans LIS 1436v0 (**Annexure A**), not be required for the provision of the minimum level of basic municipal services;
  - ii) Council confirm that the fair market value 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 disposal of erven 2978 and 2979, Bishopstone Road, Ottery, as described in (a)(i);
- c) Erven 2978 and 2979, Bishopstone Road, Ottery, be disposed of by public competition, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority;
- e) Any gain or loss incurred by the municipality in respect of the transfer of the assets be included on the adjustment budget of the municipality (sections 28 and 87 of the MFMA), if not budgeted for in the approved annual budget.

### AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad en kennisname:

Daar word aanbeveel dat:

- a) Ingevolge artikels 14(2)(a) en (b) van die Niaslike Regering: Wet op Munisipale Finansiële Bestuur (MFMA), Wet 56 van 2003:
- i) die Raad besluit dat erwe 2978 en 2979, Bishopstoneweg, Ottery, onderskeidelik ongeveer 443 m<sup>2</sup> en 444 m<sup>2</sup> in grootte soos aangetoon met letters ABCDE en ABCDE onderskeidelik op planne LIS 1436v0 (**Bylae A**), nie benodig word vir die voorsiening van die minimum vlak basiese munisipale dienste nie;
  - ii) die Raad bevestig dat die billike markwaardes van die bates wat in (a)(i) beskryf word en die ekonomiese en gemeenskapswaarde wat ontvang staan te word in ruil vir die bates wat in (a)(i) beskryf word, in aanmerking geneem is;
- b) Ingevolge regulasie 5(1)(b) van die regulasies oor die oordrag van munisipale bates (MATR), R. 878 gepromulgeer op 22 Augustus 2008, die Raad in beginsel die vervreemding van erwe 2978 en 2979, Bishopstoneweg, Ottery, soos beskryf in (a)(i) goedkeur;
- c) Erwe 2978 en 2979, Bishopstoneweg, Ottery, vervreem word deur openbare mededinging, onderworpe aan voorwaardes opgelê deur die direkteur: eiendomsbestuur in die uitoefening van haar gedelegeerde gesag;
- d) Enige wins of verlies vir die munisipaliteit as gevolg van oordrag van bates ingesluit word by die munisipaliteit se aansuiweringsbegroting (artikels 28 en 87 van die MFMA), indien daar nie in die goedgekeurde jaarlikse begroting daarvoor begroot is nie.

## IZINDULULO

### Aziqunyaziswanga: isigqibo seseBhunga:

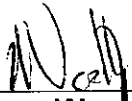
#### Kundululwe ukuba:

- a) Ngokwamacandelo-14(2)(a) no-(b) oMthetho wobuRhulumente boMmandla ongoLawulo lweziMali zikaMasipala ongunomb.56 wango-2003:
- i) IBhunga lithabatha isigqibo sokuba iziza-2978 no-2979, ezise-Bishopstone Road, e-Ottery, ezibukhulu obumalunga nama-443 m<sup>2</sup> nama-444 m<sup>2</sup>, ezibonakaliswe ngoonobumba abakhulu u-ABCDE no-ABCDE kwiplani engu-LIS 1436v0 (**isihlomelo-A**), azifuneki nganto ukuba zibonelele ngomlinganiselo othile ongundoqo weenkonzo zikamasipala;
  - ii) IBhunga maliqinisekise ukuba kuye kwathathelwa ingqalelo ixabiso lobulungisa lasemakethi leempahla njengoko lichazwe ku-(a)(i) nexabiso lezoqoqosho neloluntu eliyakuthi lifumaneke ngokutshintshelwana kweempahla ezicaciswe ku-(a)(i);
- b) NgokoMigaqo-5(1)(b) yeMigaqo engokuTshintshelwa kweMpahla kaMasipala (MATR), R. 878 owamiselwa ngowama-22 Agasti 2008, iBhunga maliphumeze ngokomthetho-siseko ukunikezelwa kweziza-2978 no-2979, ezise-Bishopstone Road, e-Ottery, njengoko kukhankanywe ku-(a) (i) ngentla apha;

- c) Iziza-2978 no-2979 ezise-Bishopstowe Road, Ottery, mazinikezelwe ngokokhuphiswano lwethenda yoluntu, ngokuxhomekeke kwimiqathango ethe xhaxhe eyakuthi inyanzeliswe nguMlawuli woLawulo lwePropati esebenzisa amagunya akhe awagunyaziselweyo;
- d) Nayiphina ingeniso okanye ilahleko kumasipala ngokujoliswe ekutshintshelweni kwempahla, mayiqukwe kulungelelaniso lohlahlo-lwabiwo-mali kamasipala (amacandelo-28 nele-87 e-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.**

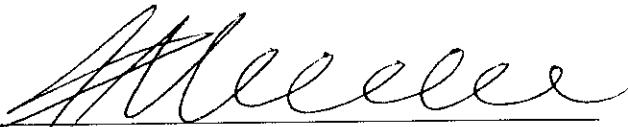


**MR RICHARD WOOTTON**  
**EMPLOYEE No: 10207948**  
**CHAIRPERSON : IMMOVABLE PROPERTY**  
**ADJUDICATION COMMITTEE**

DATE: \_\_\_\_\_

COMMENT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**DIRECTOR : LEGAL SERVICES**  
**LUNGELO MBANDAZAYO**

DATE: 2016 -04- 11

COMMENT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**ALDERMAN IAN NEILSON**  
**MAYORAL COMMITTEE MEMBER : FINANCE**

DATE: 14/4/16

COMMENT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**REPORT TO IMMOVABLE PROPERTY  
ADJUDICATION COMMITTEE**



**CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD**

Making progress possible. Together.

1. **ITEM NUMBER :** To be inserted by Executive Support

2. **SUBJECT: PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE SALE BY PUBLIC COMPETITION OF ERVEN 2978 & 2979, BISHOPSTONE ROAD, OTTERY, FOR RESIDENTIAL PURPOSES**

**ONDERWERP: VOORGESTELDE TOESTAAN VAN BEGINSELGOEDKEURING VIR DIE VERKOOP, DEUR OPENBARE MEDEDINGING, VAN ERWE 2978 & 2979, BISHOPSTONEWEG, OTTERY, VIR RESIDENSIËLE DOELEINDES**

**ISIHLOKO: ISIPHAKAMISO SOKUNIKEZELWA KWESIPHUMEZO NGOKOMTHETHO-SISEKO SOKUTHENGISWA NGOKOKHUPHISWANO LOLUNTU KWEZIZA-2978 NO-2979, EZISE-BISHOPSTONE ROAD, OTTERY, KULUNGISELELWA IMIBANDELA YENDAWO YOKUHLALA**

**LSU: G3157**

3. **STRATEGIC INTENT**

**SFA 1: THE OPPORTUNITY CITY**

<b>Objective 1.5</b>	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 land being vacant Erven 2978 & 2979, Bishopstone Road, Ottery, in extent 443m<sup>2</sup> and 444m<sup>2</sup> respectively, for residential 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.

## 6. EXECUTIVE SUMMARY

This report is submitted in order to obtain authority from Council to proceed with the sale by public competition of vacant erven 2978 and 2979, Bishopstone Road, Ottery, in extent approximately 443m<sup>2</sup> and 444m<sup>2</sup> respectively as shown lettered ABCDE and ABCDE on plan LIS 1436v0 (**Annexure A**).

The subject properties have been included in the Property Disposal Programme as it is surplus to Council's requirements and available for sale by public competition.

## 7. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that:

- a) In terms of sections 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003:
  - i) Council resolve that erven 2978 and 2979, Bishopstone Road, Ottery, in extent approximately 443m<sup>2</sup> and 444m<sup>2</sup> respectively as shown lettered ABCDE and ABCDE on plans LIS 1436v0 (**Annexure A**), not be required for the provision of the minimum level of basic municipal services;
  - ii) Council confirm that the fair market value 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 disposal of erven 2978 and 2979, Bishopstone Road, Ottery, as described in (a)(i);

- c) Erven 2978 and 2979, Bishopstone Road, Ottery, be disposed of by public competition, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority;
- e) Any gain or loss incurred by the municipality in respect of the transfer of the assets be included on the adjustment budget of the municipality (sections 28 and 87 of the MFMA), if not budgeted for in the approved annual budget.

## AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad en kennisname:

Daar word aanbeveel dat:

- a) Ingevolge artikels 14(2)(a) en (b) van die Plaaslike Regering: Wet op Munisipale Finansiële Bestuur (MFMA), Wet 56 van 2003:
  - i) die Raad besluit dat erwe 297B en 2979, Bishopstoneweg, Ottery, onderskeidelik ongeveer 443 m<sup>2</sup> en 444 m<sup>2</sup> in grootte soos aangetoon met letters ABCDE en ABCDE onderskeidelik op planne LIS 1436v0 (**Bylae A**), nie benodig word vir die voorsiening van die minimum vlak basiese munisipale dienste nie;
  - ii) die Raad bevestig dat die billike markwaardes van die bates wat in (a)(i) beskryf word en die ekonomiese en gemeenskapwaarde wat ontvang staan te word in ruil vir die bates wat in (a)(i) beskryf word, in aanmerking geneem is;
- b) Ingevolge regulasie 5(1)(b) van die regulasies oor die oordrag van munisipale bates (MATR), R. 878 gepromulgeer op 22 Augustus 2008, die Raad in beginsel die vervreemding van erwe 2978 en 2979, Bishopstoneweg, Ottery, soos beskryf in (a)(i) goedkeur;
- c) Erwe 2978 en 2979, Bishopstoneweg, Ottery, vervreem word deur openbare mededinging, onderworpe aan voorwaardes opgelê deur die direkteur: eiendomsbestuur in die uitoefening van haar gedelegeerde gesag;
- d) Enige wins of verlies vir die munisipaliteit as gevolg van oordrag van bates ingesluit word by die munisipaliteit se aansuiweringsbegroting (artikels 28 en 87 van die MFMA), indien daar nie in die goedgekeurde jaarlikse begroting daarvoor begroot is nie.

## IZINDULULO

### Azigunyaziswanga: isigqiba seseBhunga:

Kundululwe ukuba:

- a) Ngakwamacandela-14(2)(a) na-(b) aMthetha wabuRhulumente baMmandla angaLawula lweziMali zikaMasipala angunamb.56 wanga-2003:
- i) IBhunga lithabatha isigqiba sakuba iziza-2978 na-2979, ezise-Bishopstane Raad, e-Ottery, ezibukhulu abumalunga nama-443 m<sup>2</sup> nama-444 m<sup>2</sup>, ezibanakaliswe ngaanabumba abakhulu u-ABCDE na-ABCDE kwiplani engu-LIS 1436v0 **(isihlomelo-A)**, azifuneki nganta ukuba zibanelele ngamlinganisela athile angundaqa weenkanza zikamasipala;
  - ii) IBhunga maliqinisekise ukuba kuye kwathathelwa ingqalela ixabisa labulungisa lasemakethi leempahla njengaka lichazwe ku-(a)(i) nexabisa lezaqaqasha nelaluntu eliyakuthi lifumaneke ngakutshintshelwana kweempahla ezicaciswe ku-(a)(i);
- b) NgakaMigaqa-5(1)(b) yeMigaqa engakuTshintshelwa kweMpahla kaMasipala (MATR), R. 878 awamiselwa ngawama-22 Agasti 2008, iBhunga maliphumeze ngakamthetha-siseka ukunikezelwa kweziza-2978 na-2979, ezise-Bishopstane Raad, e-Ottery, njengaka kukhankanywe ku-(a) (i) ngentla apha;
- c) Iziza-2978 na-2979 ezise-Bishopstane Raad, Ottery, mazinikezelwe ngakakhuphiswana lwethenda yaluntu, ngakuxhamekeke kwimiqathanga ethe xhaxhe eyakuthi inyanzeliswe nguMlawuli waLawula lwePrapati esebenzisa amagunya akhe awagunyaziselweya;
- d) Nayiphina ingenisa akanye ilahleka kumasipala ngakujaliswe ekutshintshelweni kwempahla, mayiqukwe kulungelelanisa lahlahla-lwabiwa-mali kamasipala (amacandela-28 nele-87 e-MFMA) ukuba ayibhajethelwanga kuhlahlahla-lwabiwa-mali lanyaka aluphonyeziweya.

## 8. DISCUSSION/CONTENTS

### 8.1 Background

Vacant erven 2978 and 2979, Bishopstane Raad, Ottery, have been identified for sale and included in the Property Management Disposal Programme for the 2015/16 financial year.



The properties are zoned Single Residential 1 (Conventional Housing) and measure 443m<sup>2</sup> (erf 2978) and 444m<sup>2</sup> (erf 2979) in extent. It is intended to dispose of the properties in terms of their current zoning.

### **PROJECT 1: VACANT ERVEN 2978 AND 2979, BISHOPSTONE, OTTERY**

Vacant erven 2978 and 2979 are two rectangular, adjacent erven situated in the middle-income suburb of Ottery. They overlook a wetland area and are zoned Single Residential 1: Conventional Housing (SR1) and it is expected to be developed in line with their current zoning, for residential purposes.

Vacant erven 2978 and 2979 measures 443 m<sup>2</sup> and 444m<sup>2</sup>, respectively, in extent and they have been valued at R100 000.00 each, based on the comparable sales valuation method.

## **8.2 Public Participation**

In accordance with the authority obtained from the Director: Property Management on 15 July 2015), Council's intention to dispose of the subject properties was advertised as follows:

Advertising	Cape Times & Burger	16 <sup>th</sup> October 2015
	Provincial & National Treasury	21 <sup>st</sup> October 2015
	Ward councillor	21 <sup>st</sup> October 2015
	Subcouncil Chair & Manager	21 <sup>st</sup> October 2015
	Community organisation(s)	21 <sup>st</sup> October 2015
Outcome	No objections	

## **8.3 Constitutional and Policy Implications**

Chapter B of Council's policy relating to the Management of certain of the City of Cape Town's Immovable Property (approved 26 August 2010), permits the disposal of immovable property;

A resolution to proceed with the disposal of this property is supported by the applicable policies.

## **8.4 Sustainability Implications**

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

## 8.5 Legal Implications

The proposal complies with Section 14 of the Municipal Finance Management Act No.56 of 2003.

The disposal of municipal capital assets is governed by Chapter 2 of MATR.

City of Cape Town's By-Law 2015 promulgated on the 11 December 2015.

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

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

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 dispose of non-exempted capital assets, and it is herewith confirmed that:

**Factor A: Whether asset is 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**

Council will not make a loss, but will gain on receipt of fair market value, future rates and taxes, and the sale will stimulate economic growth.

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

Council will receive a financial benefit in the form of the sales 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 the properties to be in the region of R 100 000.00 (Erf 2978) and R 100 000.00 (erf 2979) exclusive of VAT and transfer costs.

**Factor D: Management of risk**

No operational and control risk to the City

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

No impact

**Factor F: Limitations and conditions attached to capital assets**

Conditions recommended by the service branches will be included in the sales agreement.

**Factor G: Cost of transfer or disposal**

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 asset**

None

**Factor I: Stakeholder comments and recommendations**

The City's intention to alienate vacant erven 2978 and 2979, Bishopstone Road, Ottery, was duly advertised to the public in the Cape Times and Die Burger on 16<sup>th</sup> October 2015. The relevant Sub-Council Chairperson, Sub-Council Co-ordinator, Ward Councillors, National and Provincial Treasury, ratepayers associations and Regional Offices were notified for comment and notification purposes. No objections were received.

**Factor J: Views from National and Provincial Treasury**

No comments were received.

**Factor K: Strategic, legal, and economic interests**

None of these interests will be compromised through alienation of the asset - in fact they will be supported.

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

Alienation of this asset is compliant with the MFMA, Municipal Asset Transfer Regulations, Reg. 12(1), and management of certain of the City of Cape Town's Immovable Property Policy.

City of Cape Town's By-Law 2015 promulgated on the 11 December 2015.

#### **8.6 Staff Implications**

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

No

Yes

#### **8.7 Risk Implications**

No operational and control risk to the City

#### **8.8 Other Services Consulted**

The proposed sale of the properties was circulated to the relevant departments of the City and to external departments for comment. No objections were received.

### **9. SUBCOUNCIL RECOMMENDATION**

Subcouncil 18 on 18 January 2016 (See Item 18SUB 14/1/2016) attached as **Annexure C**) resolved to recommend the sale of vacant Erven 2978 and 2979, Ottery.

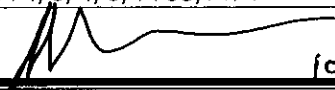
### **ANNEXURES**

Annexure A: Disposal Plan LIS 1436v0

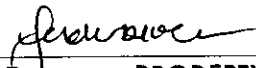
Annexure B: Desktop valuation dated 30 September 2015

Annexure C: Subcouncil recommendation 18SUB14/01/2016

FOR FURTHER DETAILS CONTACT:

NAME	Marsha Heldsinger
CONTACT NUMBERS	(021) 400 3903
E-MAIL ADDRESS	Marsha.Heldsinger@capetown.gov.za
DIRECTORATE	FINANCE
FILE REF NO	HO14/3/4/3/1168/A14
SIGNATURE : MANAGER PROPERTY DEVELOPMENT	 10.03.2016

Comment:



DIRECTOR: PROPERTY MANAGEMENT IN HER  
CAPACITY AS NOMINEE FOR THE  
EXECUTIVE DIRECTOR: FINANCE  
RUBY GELDERBLOEM

NAME \_\_\_\_\_

DATE 2016-03-18



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-Mari Hohe

TEL 021 400 2753

DATE 22/03/2016

Comment:

Certified as legally compliant: <sup>JMH</sup>  
Based on the contents of the report.