

ANNEXURE B

8

*Annexure***VALUATION OF (UNREGISTERED) ERF 32398, KHAYELITSHA (UMRHABULO TRIANGLE), FOR POSSIBLE DISPOSAL TO THE APOSTOLIC FAITH MISSION KHAYELITSHA*****Brief and background***

Property Valuations has been tasked with estimating the market value of (unregistered) Erf 32398, Khayelitsha (hereafter 'the subject property'), for possible disposal to the Apostolic Faith Mission in Southern Africa (Khayelitsha) (hereafter 'the applicant').

More specifically, we were requested to value the land only, as the current improvements were done by the applicant. The subject property has a land extent of $\pm 1050\text{m}^2$, and is indicated by the figure ABCDE on plan ET 363.

The church is currently leasing the premises on a month-to-month basis from the City.

The proposed disposal has been circulated to the relevant municipal departments, whose conditions of approval are, for the most part, standard conditions, which do not impact on the subject property's market value.

Note: It is our understanding that we must only value the land (i.e. we ignore the top structures).

Method of Valuation

We applied the *comparable sales method*, which entails the following:

- 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.
- Comparing the comparable properties' value-forming characteristics with those of the subject property, namely location, stand size; etc.
- Adjusting the sales price of the comparable properties for effluxion of time between their sales dates and valuation date.
- Deducing the market value of the subject property after taking due cognisance of all incomparable characteristics and their potential influence on the sales price.

Market information

The 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 fast few years, house prices have generally moved sideways, meaning that these prices are still usable for estimating market value today.

#	Erf No	Area (m ²)	Sale's date	Market Value	Sale's price in terms of policy	Comments
1	Erf 29093 Khayelitsha	5 312	2010/11	R1 026 000	-	Larger erf. Located in a similar sub-market. Extent equates to 36 residential

http://citylearn.capetown.gov.za/sites/default/files/property/Valuations/Users/onlineapp/mon/2014/Khayelitsha/0311_erf32398_KodwaStreet_AFM_D1.docx

#	Erf No	Area (m ²)	Sale's date	Market Value	Sale's price in terms of policy	Comments
						opportunities with a market value of R28 000 per opportunity.
2	Erf 25622 Kraaifontein, Wallacedene	1 067	2011/05	R110 000	R27 500	Similar extent erf with frontage onto three streets. Extent equates to 5 residential opportunities with a market value of R22 000 per opportunity.
3	Erf 30345 Kraaifontein, Belmont Park	1 361	2011/01	R154 000	R38 500	Marginally bigger erf with frontage onto two streets. Extent equates to 7 residential opportunities with a market value of R22 000 per opportunity.
4	Erf 30357 Kraaifontein, Belmont Park	1 222	2011/02	R132 000	R33 000	Marginal bigger corner erf, with frontage onto two streets. Extent equates to 6 residential opportunities with a market value of R22 000 per opportunity.
5	Erf 27879 Kraaifontein, Wallacedene	939	2011/02	R110 000	R27 500	Smaller erf with frontage onto three streets. Extent equates to 5 residential opportunities with a market value of R22 000 per opportunity.

Conclusion

Open Market Value

One could theoretically subdivide the subject property into 5 residential stands (i.e. opportunities) of roughly 200m² each. Based on sales prices in the area, and taking the above transactions into account, we estimate the market value of the subject property to be:

$$R28\ 000/\text{opportunity} \times 5 \text{ opportunities} = R140\ 000 \text{ (exclusive of VAT)}$$

Based On Restrictive Use

In the event of the City selling the Subject Property in terms of its *Policy On The Management of Council's Immovable 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."

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:

http://cityeams.cdputown.gov.za/sites/default/files/2014/09/hayelitsha/0311_erf32398_kcdwa3street_AFM_D1.docx


R140 000 x 25% = R35 000 (excluding VAT)

Recommendation

It is recommended that (unregistered) Erf 32398 (a portion of Erf 32093), Khayelitsha, situated at 46 Kodwa (T3V3) Street, (Umrhabulo Triangle) Khayelitsha, shown by the figure ABCDE on plan ET 363 and measuring 1 050m², be sold to Apostolic Faith Mission Khayelitsha for **R35 000, excluding VAT, subject to** a suitable reversionary clause being registered against the title deed of the subject property.

Note:

- (a) The purchase price is to be adjusted on the basis of 5% per annum compounded annually on a pro-rata basis, commencing 6 months after date of valuation (i.e. by 5% +12 months x number of months after the 6 month period). Accordingly the recommended purchase price is to be adjusted as from 2015-01-01.
- (b) This valuation is to be reviewed if not implemented within 18 months from date of valuation (i.e. by 2016-01-01).



Anton Opperman
Professional Associated Valuer



Garth Johnson
Principal Professional Valuer- Disposals
2014-06-06

(90)

CITY MANAGER

PROPOSED ALIENATION OF ERF 32398 KHAYELITSHA: APOSTOLIC FAITH MISSION KHAYELITSHA

This is a request by Property Management for a deviation from a competitive process for the alienation of viable property.

The City's Policy on the Management of Certain of the City of Cape Town's Immovable Property (approved by Council in August 2010) requires competitive processes to be followed for the conclusion of property transactions dealing with viable property. Clause 12 of the Policy outlines several methods to give effect to the principle of competitiveness.

However, clause 13 of the Policy allows the City Manager to dispense with the competitive processes in disposing of viable property and to do so through any convenient process, but only in four specific circumstances which are listed.

The City Manager must record the reasons for any deviation (which obviously must be aligned to the circumstances in which a deviation is permitted), and report the deviation to Council and include it as a note to the annual financial statements.

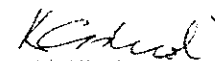
The recommendation in this case is based on the following circumstances in which a deviation is permissible –

due to specific circumstances peculiar to the Property under consideration, it can only be utilised by the one person/organisation wishing to enter into the Property Transaction (clause 13.2.1.2 of the Policy)

The Church entered into a development lease agreement with the City in 2001, one of the conditions of which was to have completed building work within two years. It has occupied the property since 2001 but has only erected an informal structure on the site. The church has now applied to purchase the property. Certain arrear payments to the City have been settled, and there are no internal objections.

In my view the recommendation for approval to dispense with a competitive process and negotiate directly with the applicant in these circumstances is in line with disposals to churches and other social care users, and is in order.

The applicable public participation process must be followed and the recommendation for the disposal submitted to Council for its approval.


Keith Nicol

2015-07-13

Janine Cornelius

From: Makatini Ntsizi
Sent: 03 March 2016 10:22 AM
To: Janine Cornelius
Cc: Goodman Lutamile Rorwana
Subject: FW: T/co 14/3/4/3/64 Apostolic Faith Mission

Good morning Janine

As requested please find the resolution below.

24SUB 13/11/15 PROPOSED DISPOSAL OF ERF 32398 KHAYELITSHA: THE APOSTOLIC FAITH MISSION, KHAYELITSHA

RESOLVED

- a) It is recommended that it be confirmed that, in terms of section 14 of the Local Government Municipal Finance Management Act, Act 56 of 2003, erf 32398, Khayelitsha shown lettered ABCDE on the attached plan ET363, marked annexure A, not be required to provide the minimum level of basic municipal services;
- b) In terms of regulation 5 (1) (b)(ii) of the Municipal Asset Transfer regulations, Council approve in principle that the disposal of erf 32398, Khayelitsha, be granted.

FOR INFORMATION: DIRK MAREE

Kind regards

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