

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
6 February 2023
(Also the agenda for the Mayoral Committee Meeting : 14 February 2023)**

20.

KLEINMOND: IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERF 3300 KLEINMOND (SITUATED AT 45 JS MARAIS STREET, KLEINMOND), 595m² IN EXTENT, AND ERF 3724 KLEINMOND (SITUATED AT 52 PALMIET ROAD, KLEINMOND), 595m² IN EXTENT BY MEANS OF A COMPETITIVE PROCESS

7/2/3/2

A Le Roux

Senior Manager: Property Administration

28 November 2022

(028) 316-5623

1. Executive Summary

To obtain in principle approval for the alienation of Erven 3300 and 3274 Kleinmond (both are respectively 595m² in extent) (the “Properties”), for residential purposes by means of a competitive process.

The locality of the Properties is indicated on locality plans attached per “Annexure A” and “Annexure B”.

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure and Planning
Property Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance

The encouragement of structured community participation in the matters of the municipality

4. Delegated Authority

None

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act, Act 56 of 2003 (“MFMA”)
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

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6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

The Properties are both 595m² (five hundred ninety-five square metres) in extent, parallel with each other and share one boundary. The Properties are vacant and situated in the Palmiet area between JS Marais Street and Palmiet Road, Kleinmond. Services are available in the vicinity of the Properties.

The Properties are zoned Residential Zone 1: Single Residential. As there is a need for residential erven and as the Properties are suited for residential purposes, it is recommended that it be made available in the open market by means of a competitive process.

Evaluation

A. Evaluation in terms of the Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply to this report:

Paragraph 9.1(a): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA decided on reasonable grounds that the immovable property is not needed to provide the minimum level of basic municipal services.”

The comments received from the relevant officials confirm that the Properties are not needed for the provision of the minimum level of basic municipal services.

Paragraph 9.1(b): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA considered the fair market value of the immovable property and the economic and community value to be received in exchange for the immovable property in accordance with Section 14(2) of the MFMA.”

Boland Valuers determined the market related value of the respective Properties on 1 October 2022 at an amount of **R285,600.00 (TWO HUNDRED EIGHTY-FIVE THOUSAND SIX HUNDRED RAND) (VAT excluded)** each.

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Paragraph 9.1(c): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA has as a consequence to 9.1(a) and (b) above approved in principle that the immovable property may be transferred or disposed of, and the method of disposal or transfer.”

The purpose of this report is to request in principle approval from Council for the alienation of the Properties by means a competitive process.

Paragraph 15.1: “The transfer of immovable property must, except in the case of non-viable immovable property, be affected by means of competitive process, which may include a public or closed tender, auction or proposal call.”

It is recommended that the Properties be alienated by means of a competitive process.

Paragraph 28: “All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”

The successful bidder will be liable for all costs pertaining to the transaction, excluding the cost for the valuation of the Properties. Costs for the successful bidder will include, but is not limited to, a Section 14 advertisement, transfer costs, connection of services and any other costs pertaining to the transaction.

Paragraph 29: “Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”

No services need to be relocated and no servitude needs to be registered.

Paragraph 32. “Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

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Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder within 10 days of date of request in writing thereof by the Municipality.”

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

Paragraph 35: “Interest on the purchase price, as from date of signature of the deed of sale, must be charged by the Municipality should payment or transfer be delayed due to an action or failure on the part of the successful bidder/ purchaser.”

A clause to this effect will be included in the deed of sale to be entered into between the Municipality and the successful bidder.

B. Advertisement/Notification

The necessary advertisement in terms of Section 14 of the MFMA will be published after the tender is duly awarded. The successful bidder will be liable for the costs of the Section 14 advertisement.

Conclusion

It is recommended that Erf 3300 Kleinmond and Erf 3724 Kleinmond be alienated for residential purposes by means of a competitive process, at not less than the market related value.

Furthermore, it is recommended that the successful bidder/ be liable for all costs, excluding the costs for the valuation of the Property. Subsequent costs will entail, but not limited to, the aforementioned Section 14 advertisement, transfer costs and connection of services.

7. Financial Implications

The Municipality stands to gain a market related purchase price to the minimum of **R571,200.00 (FIVE HUNDRED SEVENTY-ONE THOUSAND TWO HUNDRED RAND ALONE) (VAT excluded)** for the Properties, being not less than **R285,600.00 (TWO HUNDRED EIGHTY-FIVE THOUSAND SIX HUNDRED RAND ALONE) (VAT excluded)** each.

8. Staff Implications

None

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9. Comments from other Departments, Divisions and Administrations

Senior Manager: Expenditure and Assets: Mr J Vorster - (028) 313 8046

“Erf 3300 (±595m² in extent) Kleinmond, is reflected in the fixed asset register for IP: Land at a value of R325’000-00 as at 30 June 2022 and Erf 3274 (±595m² in extent) Kleinmond, is reflected in the fixed asset register for IP: Land at a value of R350’000-00 as at 30 June 2022. As soon as the proposed alienation has been concluded the erven will have to be written out of the fixed asset register at the applicable selling price in order to account for the actual gain / (loss) on the disposal of the portion of an asset.

There is no objection against the proposed alienation as the application complies with the Administration of Immovable Property Policy.”

(Previous) Senior Manager: Kleinmond Administration: Mr D Lakey – (028) 271 8413

“I support this application in terms of the attached memorandum. The maintenance of the properties is currently very challenging, causing a constant fire risk and hide-out for unwanted characters.”

Senior Town Planner: Ms H Van Der Stoep – (028) 313 8906

“I do not have any objection if it is sold on the open market and remain Residential Zone 1.”

Senior Manager: Operational Services: Mr D van Rhodie – (028) 271 8431

“Operational Services Kleinmond support the application. Properties are able to connect to the Water network. No sewer network available, property will need to construct [a] conservancy tank.”

Manager: Engineering Services: Mr R Andrew – (028) 313 5073

“The Engineering Services Department has no comment.”

Environmental Officer Kleinmond: Ms T Zweig – (028) 271 8420

“The Environmental Management Section has no objection to the proposed sale of Erf 3300 and Erf 3274 Kleinmond.”

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Senior Superintendent Metering & Distribution: Mr R Buckle – (028) 271 8484

“The Electrical Department Overstrand has no comment. The kVA available is 13.8 single phase.”

Assistant Chief: Fire Safety & Health and Safety: Mr E Solomons - (028) 313 8979

“The Fire Department has no objection, subject to complying with the Plot clearing policy.”

10. Annexures

Annexure A: Locality Map 1

Annexure B: Locality Map 2

RECOMMENDATION TO THE COUNCIL:

1. that the alienation of Erf 3300 Kleinmond (595m² in extent) and Erf 3724 Kleinmond (595m² in extent) for residential purposes by means of a competitive process at a market related price **be approved in principle**;
2. that all the costs pertaining to the transaction, for example the transfer costs, water, sewer and electricity connections and the section 14 advertisement, but excluding the valuation costs, be paid by the successful bidder/purchaser; and
3. that it is hereby confirmed by Council that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

RESPONSIBLE OFFICIAL :

R MARINUS

TARGET DATE FOR IMPLEMENTATION :

14 MARCH 2023

TARGET DATE TO INFORM APPLICANT :

7 MARCH 2023

TARGET DATE TO INFORM OBJECTOR :

N/A

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A Le Roux

Senior Manager: Property Administration

28 November 2022

(028) 316-5623

THIS MATTER SERVED BEFORE THE INVESTMENT & INFRASTRUCTURE PORTFOLIO COMMITTEE ON 6 FEBRUARY 2023, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:

RECOMMENDATION TO THE COUNCIL:

1. that the alienation of Erf 3300 Kleinmond (595m² in extent) and Erf 3724 Kleinmond (595m² in extent) for residential purposes by means of a competitive process at a market related price **be approved in principle**;
2. that all the costs pertaining to the transaction, for example the transfer costs, water, sewer and electricity connections and the section 14 advertisement, but excluding the valuation costs, be paid by the successful bidder/purchaser; and
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RESPONSIBLE OFFICIAL :

R MARINUS

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ANNEXURE B

