

6. HERMANUS: IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERF 7373 HERMANUS (SITUATED AT 84 ANGELIER STREET, MOUNT PLESANT) BY MEANS OF A COMPETITIVE PROCESS

7/2/3/2

A Le Roux

18 March 2020

Manager: Property Administration

(028) 316-3724

1. Executive Summary

To obtain in principle approval for the alienation of Erf 7373 Hermanus, 354m² in extent, for residential purposes by means of a competitive process.

The locality of Erf 7373 Hermanus is indicated on a locality plan attached per "Annexure A".

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)

Overstrand Municipality Supply Chain Management Policy, as amended

Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

An application was received to purchase Erf 7373 Hermanus. Erf 7373 Hermanus is 354m² in extent and situated at 84 Angelier Street, Mount

Pleasant. The property is vacant and undeveloped. Services are available in the vicinity of the property. Erf 7373 Mount Pleasant is zoned Residential Zone I. As there is a great need for vacant properties to be made available for residential purposes and as this property became available, it is recommended that it be made available in the open market by means of a competitive process as soon as possible.

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 confirmed that the subject property is 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 Erf 7373 Hermanus on 21 February 2020 at an amount of R47,500.00 (FORTY SEVEN THOUSAND FIVE HUNDRED RAND ALONE) (VAT excluded).

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 an in principle approval from Council for the alienation of the said property 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 property 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/purchaser will be liable for all costs pertaining to the transaction, excluding the cost for the valuation of the property. Costs for the successful bidder/purchaser will include 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/purchaser.

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/purchaser.

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/purchaser.

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/purchaser will be liable for the costs of the Section 14 advertisement.

Conclusion

It is recommended that Erf 7373 Hermanus (354m² in extent) be alienated for residential purposes by means of a competitive process at a market related value.

Furthermore, it is recommended that the successful bidder/purchaser be liable for all costs, excluding the costs for the valuation of the property. Subsequently the costs will entail the aforementioned Section 14 advertisement, transfer costs and connection of services.

7. Financial Implications

The Municipality stands to gain a market related purchase price for the property.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

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

Erf 7373 Mount Pleasant is currently reflected in the Fixed Asset Register for Property, Plant and Equipment: Land with a carrying value of R33'000 as at 30 June 2019. The disposal of Erf 7373 Mount Pleasant will have to be accounted for at actual selling price in order to reflect the possible gain / loss realized with the disposal of Erf 7373 from the Fixed Asset Register.

There is no objection as the application complies with the Administration of Immovable Property Policy.

Town Planner: Mr H Olivier – (028) 313 8900

“The Erf is zoned Residential Zone I. There is no objection against the application.”

Temporary Senior Manager: Operational Services: Mr P Burger – (028) 313 8084

“The Department: Operational Services (Hermanus) has no objection to purchase Erf 7373, Mount Pleasant as indicated in the application, subject to the following conditions:

- 1. That the applicant must comply with all statutory requirements that may be applicable to the undertaking of the proposed development on Erf 7373, Mount Pleasant.*
- 2. That the developer investigate and determine the limitations of the site in terms of sewer, drainage, subject to minimum requirements of SANS 10400 – P: 2010: Drainage.*
- 3. That on-site parking facilities be provided as per the satisfaction of the Directorate: Infrastructure and Planning.*
- 4. That any additional and / or extended vehicle entrances will be for the owner’s account.*
- 5. That, should any upgrading and/or development of the relevant sidewalks adjacent to the property be required as part of the development, application for such development be made to the office of the Senior Manager: Operational Services (Hermanus) for written approval.*
- 6. Water, sewer and road infrastructure is available in the vicinity of Erf 7373, Mount Pleasant.”*

Comments from the Property Administration Department: The relevant conditions imposed will be included in the deed of sale.

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

“The Engineering Services Department has no comment.”

Principal Technician (Building Control): Mr G Coetzee (028) 313 8085

“Supported. Building plans to be submitted to this office before any building work may commence.”

Senior Superintendent (Projects) - Electrical Services: Mr J Klem – (028) 316 8262

“There are no comments on the proposal.”

Senior Superintendent: Operations (Traffic): Mr X Titus – (028) 316 3724

“Traffic do not have any objections to application. Adherence to be given to building layout of entrance to property.”

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

“The Fire Department have no objections.”

Manager: Biodiversity Conservation (Environmental Services): Mr T Dry – (028) 316 3724

“The biodiversity Conservation Section has no comments regarding this purchase”

Manager: Hermanus Administration: Ms B Plaatjies – (028) 313 8921

“Mount Pleasant is currently busy with the implementation of FLISP. If we continue with the sale erf 7373, we will be creating confusion amongst the community and that would have negative implications towards the Municipality. I would recommend that all remaining municipal ervens in Mount Pleasant be reserved for other communal activities either than residential purposes. I would also advise that Mr Ismail Theunissen registers on the housing data base.”

Comments from the Property Administration Department: “FLISP” is the acronym for the Finance Linked Individual Subsidy Programme. It is a housing subsidy for first-time home buyers to assist with purchasing a home. Households with an income between R3 501 (three thousand five hundred and one Rand) to R22 000 (twenty two thousand Rand) may qualify for the ‘FLISP’ subsidy if they meet all the criteria.

The comments and recommendation of Ms Plaatjies is not supported as there are numerous people who will not qualify for FLISP who are in dire need to purchase residential property to develop.

10. Annexures

Annexure A: Locality Plan

RECOMMENDATION TO THE COUNCIL:

1. that the alienation of Erf 7373 Hermanus (354m² in extent), for residential purposes by means of a competitive process at a market related price be **approved in principle**;
2. that all 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;
3. that a condition be included in the Title Deed of the property that it may only be used for residential purposes; and

4. that it is hereby confirmed by Council that the municipal property herewith 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 :	30 JUNE 2020
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

