

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
16 February 2016
(Also the agenda for the Mayoral Committee Meeting : 24 February 2016)**

12.

HERMANUS, TRANSFER OF UNREGISTERED ERF 11472 (A PORTION OF ERF 243), HERMANUS ±4196M² IN EXTENT, FOR GENERAL RESIDENTIAL III PURPOSES (MOUNT PLEASANT)

7/2/3/2

D Taljaard

(028) 316 - 3724

Hermanus Administration

30 December 2015

1. Executive Summary

To obtain final approval for the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant), ±4196m² in extent, for general residential zone III purposes, to Adama Foundation Trust.

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure & 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
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act, No 56 of 2003
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Overstrand Municipality Supply Chain Management Policy, as amended

6. Background/Evaluation/Conclusion

Background

Council approved in principle the alienation of the subject portion of property by means of a competitive process for general residential zone III purposes

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on 26 February 2015. Subsequently tenders were invited for the sale of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant), ±4196m² in extent, on 30 April 2015.

The tender was awarded on 28 August 2015 to Adama Foundation Trust for an amount of R300,000.00 (THREE HUNDRED THOUSAND RAND ALONE) (Vat excluded). It is more than the indicative value of R224,000.00 (TWO HUNDRED AND TWENTY FOUR THOUSAND RAND ALONE) (Vat excluded) as contained in the tender document.

Evaluation

6.1 Application process in terms of the Administration of Immovable Property Policy of the Overstrand Municipality:

The following conditions of the Administration of Immovable Property Policy of the Overstrand Municipality apply:

- (1) Paragraph 9(1)(a): The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the municipal council, 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 from the relevant officials confirmed that the said property is not needed for basic municipal services. Council, when the in principle approval was obtained, confirmed that the subject property is not needed to provide the minimum level of basic municipal services.

- (2) Paragraph 9(1)(b) The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the municipal council, 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:**

The original indicative value of the property was determined by Boland Valuers at an amount of R224,000.00 (TWO HUNDRED AND TWENTY FOUR THOUSAND RAND ALONE) (Vat excluded).

- (3) 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**

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necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs

The purchaser will be liable for the final transfer advertisement, transfer costs and other costs as may be stipulated.

- (4) Paragraph 31: Where immovable property is alienated for development, a condition, taking into consideration the nature of the development, might be included in the Deed of Sale stipulating that such development must be completed within two years from date of registration. Likewise a condition may be included in the agreement to provide for forfeiture in the event that the development has not been completed within the required time period, unless a written extension has been granted by the Municipality.**

A clause to this effect will be inserted in the Deed of Sale.

- (5) 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.**

This is sufficiently dealt with in terms of the zoning of the Erf. A clause to this effect will be inserted in the Deed of Sale.

- (6) 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 inserted in the Deed of Sale.

- (7) 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 inserted in the Deed of Sale.

6.2 Advertisement/Notification

An advertisement for the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant), ±4196m² in extent, was placed in the Hermanus Times on 24 September 2015 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

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Conclusion

It is recommended that the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant), ±4196m² in extent, for general residential zone III purposes to Adama Foundation Trust for the amount of R300,000.00 (THREE HUNDRED THOUSAND RAND ALONE) (Vat excluded) be approved.

7. Financial Implications

The Municipality stands to gain an income of R300,000.00 (THREE HUNDRED THOUSAND RAND ALONE) (Vat excluded). Council will further gain from rates and taxes to be levied on 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

The full extent of Erf 243, Hermanus (Mount Pleasant), is currently reflected in the Fixed Asset Register for Property, Plant and Equipment Land with a carrying value of R11'289'203. The disposal will have to be accounted for at the selling price in order to adjust the carrying value in the Fixed Asset Register.

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

10. Annexures

Annexure A: Locality Plan

Annexure B: Minutes of Bid Adjudication Committee held on 28 August 2015.

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant), ±4196m² in extent, for general residential III purposes to Adama Foundation Trust for the amount of R300,000.00 (THREE HUNDRED THOUSAND RAND ALONE) (Vat excluded), **be approved**;

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2. that the Municipal Manager be authorised to sign all documents relating to the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant) to Adama Foundation Trust;
3. that cognisance be taken of the fact that the subject portion of Municipal property is **not required** for the provision of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003; and
4. that Adama Foundation Trust be responsible for all the costs pertaining to the advertisement of the transfer and the registration of the property in the Deeds Office.

RESPONSIBLE OFFICIAL :	D TALJAARD
TARGET DATE FOR IMPLEMENTATION :	7 MARCH 2016
TARGET DATE TO INFORM APPLICANT :	N/A

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7/2/3/2

D Taljaard

(028) 316 - 3724

Hermanus Administration

30 December 2015

THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 16 FEBRUARY 2016, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant), ±4196m² in extent, for general residential III purposes to Adama Foundation Trust for the amount of R300,000.00 (THREE HUNDRED THOUSAND RAND ALONE) (Vat excluded), **be approved**;
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of unregistered Erf 11472 (a portion of Erf 243), Hermanus (Mount Pleasant) to Adama Foundation Trust;
3. that cognisance be taken of the fact that the subject portion of Municipal property is **not required** for the provision of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003; and
4. that Adama Foundation Trust be responsible for all the costs pertaining to the advertisement of the transfer and the registration of the property in the Deeds Office.

RESPONSIBLE OFFICIAL :

D TALJAARD

TARGET DATE FOR IMPLEMENTATION :

7 MARCH 2016

TARGET DATE TO INFORM APPLICANT :

N/A



Minutes of the Proceedings of a Bid Adjudication Committee Meeting held in the
SCM Committee Room, Hermanus Administration, on Friday, 28 August 2015 at 14:30.

6.3 TENDER NO. SC 1603/2015: SALE OF ERF 11472 (PORTION OF ERF 243: ±4196M²) –
MOUNT PLEASANT, HERMANUS, FOR GENERAL
RESIDENTIAL III PURPOSES

Upon a proposal by the Director: Local Economic Development and Tourism, Mr. S Madikane
duly seconded by the Director: Management Services, Ms. D Arrison, it was

RESOLVED:

- 1.1 that as they offered the highest purchase amount, Tender number SC1603/2015: SALE OF
ERF 11472 (ERF 243: ±4196M²) – MOUNT PLEASANT, HERMANUS be awarded to:


Service Provider / Supplier:		Adama Foundation Trust IT256/2014	SCM Supplier #	N/A
Asset to be alienated		Unregistered Erf 11472 (Portion of erf 243: ±4196M ²) – Mount Pleasant, Hermanus, for general residential III purposes		
Vote:	Item Description	Trade and other payable Exchange Trans- actions – Control Clearing – SALE OF AS- SETS: PROPERTIES	Cost Code	30201300141
	Cost Account	N/A		
	Unique Key	20150612090227		
Amount (Excl. VAT):		R300,000.00	Contingency:	N/A
Amount in words:		THREE HUNDRED THOUSAND RAND		
Escalation Percentage:		N/A	Escalation Date:	N/A
Contract Owner:		S MÜLLER	Contract Champion:	A KOTZE
CONTRACT PERIOD:				
Implementation date:		N/A	End date:	N/A
			Period:	N/A

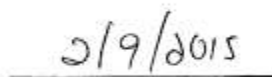
- 1.2 that it be noted that after awarding of the tender, the final approval by Council for the transfer of
the property to the successful bidder in terms of the Local Government: Municipal Finance Man-
agement Act (Act 56 of 2003), the Municipal Asset Transfer Regulations (2008) and the Admin-
istration of Immovable Property Policy (2014) must be obtained.

Certified as correct by:


Ms. R La Cock
Senior Manager: SCM


Date


Ms. SG Reyneke-Naude
Director: Finance (Chairperson)


Date