

**AGENDA of the
Portfolio Committee: Infrastructure & Planning
20 October 2020
(Also the agenda for the Mayoral Committee Meeting: 28 October 2020)**

**6.
IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERF 6924 KLEINMOND
(SITUATED AT 26 NERINA STREET, EXTENSION 6) BY MEANS OF A
COMPETITIVE PROCESS**

7/2/3/2

A Le Roux

Manager: Property Administration

8 September 2020

(028) 316 - 3724

1. Executive Summary

To obtain in principle approval for the alienation of Erf 6924 Kleinmond (284m² in extent) situated at 26 Nerina Street, Kleinmond for residential purposes by means of a competitive process. See locality plan attached as "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 (2015)
- 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)

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6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

An application was received for the purchase of Erf 6924 Kleinmond. Erf 6924 Kleinmond, 284m² in extent, is an unimproved erf situated at 26 Nerina Street, Extension 6 (hereinafter referred to as the “property”). Services are available in the vicinity of the property. The property is zoned Residential Zone I: Single Residential. As there is a great need for vacant properties to be made available for residential purposes and as this property is correctly zoned, it is recommended that it be made available as soon as possible in the open market by means of a competitive process.

Evaluation

A: Administration of Immovable Property Policy of the Overstrand Municipality:

The following conditions of the said Policy will apply:

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 the property on 3 September 2020 at an amount of R25,000.00 (TWENTY FIVE THOUSAND 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)

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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 and in this case a public tender.

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. As this is not a direct alienation, it is not needed to pay an application fee.

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.

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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/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 6924 Kleinmond (284m² 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. At minimum the Municipality stands to gain the market related valuation, determined at R25,000.00 (TWENTY FIVE THOUSAND RAND ALONE) (VAT Excluded).

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

“There is no objection against the alienation. Erf 6924 Kleinmond (situated at 26 Nerina Street, Uitbreiding 6, Kleinmond) is currently reflected in the fixed asset register for PPE: Land at a carrying value of R16’000-00 as at 30 June 2020. Once the proposed alienation has been concluded the erf will have to be written out of the fixed asset register at the applicable selling price in order to account for actual gain / (loss) on the disposal of an asset.”

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

“I have no objection regarding the proposed alienation of Erf 6924 for residential purposes via a tender process.”

Senior Town Planner: Ms H Van der Stoep – (028) 313 8900

“There is no objection against the alienation. The erf is zoned Residential 1 and the zoning scheme parameters will apply. There is no planning costs.”

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

“Operational Services Kleinmond have no objection to the application. Property should have sewer connection at south eastern corner of property (to be confirmed). Property should be able to connect to the water network (Normal connection tariff applicable).”

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

“The fire department has no objection.”

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

“The utilisation of the property is in line with its zoning and the master plans for the municipal engineering services.”

Assistant Chief: Traffic Operations, Admin, Logistic & Fines: Mr X Titus – (028) 316 8255

“I had a look at the application. Traffic does not have any objection to this request as it will have little/no impact on any traffic related matters.”

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Senior Manager: Corporate Projects: Mr FW Frans – (028) 313 8144

“According to the records of the Housing Dept, the mentioned erf is municipal property. I support the recommendation to alienate the property via a tender process.”

Comments from the Property Administration Department: The Housing Department confirmed on 20 February 2020 by means of a memorandum that the property can be transferred to the Fixed Asset Register.

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

“Electrical service available for this erf. There will be no influence on electrical network.”

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

“The EMS department has no objection to the application.”

10. Annexures

Annexure A: Locality Map

RECOMMENDATION TO THE COUNCIL:

1. that the alienation of Erf 6924 Kleinmond (284m² in extent), for residential purposes by means of a competitive process, **be approved in principle**;
2. that all costs pertaining to the transaction, e.g. the transfer costs, water-, sewer- and electricity connections, the section 14 advertisement, but excluding the valuation costs and application fee, 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 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).

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RESPONSIBLE OFFICIAL:	W MURTZ
TARGET DATE FOR IMPLEMENTATION:	30 NOVEMBER 2020
TARGET DATE TO INFORM APPLICANT:	N/A
TARGET DATE TO INFORM OBJECTOR:	N/A

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A Le Roux

Manager: Property Administration

8 September 2020

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
20 OCTOBER 2020, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

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2. that all costs pertaining to the transaction, e.g. the transfer costs, water-, sewer- and electricity connections, the section 14 advertisement, but excluding the valuation costs and application fee, be paid by the successful bidder/purchaser;
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RESPONSIBLE OFFICIAL:

W MURTZ

TARGET DATE FOR IMPLEMENTATION:

30 NOVEMBER 2020

TARGET DATE TO INFORM APPLICANT:

N/A

TARGET DATE TO INFORM OBJECTOR:

N/A

