

**AGENDA of the
Portfolio Committee: Investment, Infrastructure and Tourism
7 February 2024
(Also the agenda for the Mayoral Committee Meeting: 13 February 2024)**

3.

IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERF 6834 KLEINMOND (33 ALUSIA CRESCENT, KLEINMOND,) 417M² IN EXTENT, BY MEANS OF A COMPETITIVE PROCESS

**A Le Roux
21 November 2023**

Manager: Property Administration

(028) 316-5606

1. Executive Summary

To obtain in principle approval for the alienation of Erf 6834 Kleinmond, 417m² (FOUR HUNDRED AND SEVENTEEN SQUARE METRES) in extent (the "Property"), by means of a competitive process at a market related price for residential purposes.

The locality of the Property is indicated on locality plans attached per "Annexure A1" and "Annexure A2".

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure and Planning
Property Administration

3. Compliance with Strategic Priority

Provision of democratic, accountable, and ethical governance

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

Erf 6834 Kleinmond is 417m² (FOUR HUNDRED AND SEVENTEEN SQUARE METRES) in extent, vacant and situated at 33 Alusia Crescent, Kleinmond, Uitbreiding 6. The Property is zoned Residential Zone 1: Single Residential. Service connections are available in the vicinity of the Property, the connection fees of which shall be for the purchaser's account.

As there is a need for residential erven and as the Property is 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 confirmed that the 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.”

HCB Valuation and Services (Pty) Ltd determined the market related value of the Property on 1 September 2023 at an amount of R167,600.00 (ONE HUNDRED AND SIXTY-SEVEN THOUSAND SIX HUNDRED RAND) (VAT excluded).

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

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 the Property 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 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 amount of R167,600.00 (ONE HUNDRED AND SIXTY-SEVEN THOUSAND, SIX HUNDRED RAND) (VAT excluded) for the Property.

8. Staff Implications

None

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9. Comments from other Departments, Divisions and Administrations

Senior Manager: Operational Services - Mr D van Rhodie

“Operational Services Kleinmond have no objection to the application.”

Senior Town Planner: Town Planning Department - Ms H van der Stoep

“No objection. The property is zoned Residential Zone 1: Single Residential.”

Manager: Building Control - Mr LCoetzee

“No objection. The building plan application must comply with all applicable law.”

Senior Superintendent: Electrical Department - Mr R Buckle

“Concerning Erf 6834, the Electrical Department Overstrand has no comment. Available kVA 9.2.”

Manager: Engineering Services - Mr R Andrew

“The Engineering Services Department has no objection. Only the existing municipal services will be available to the property. The applicant will be responsible for any cost of upgrading of municipal services and connection fees.”

Assistant Chief: Fire and Rescue - Mr E Solomons

“The Fire Department has no objection.”

Senior Superintendent: Operations (Traffic) - Mr P de Gruchy

“There are no objections towards this application.”

Environmental Officer - Ms T Zweig

“The EMS has no objection to this application.”

10. Annexures

Annexures A1 & A2: Locality Maps

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RECOMMENDATION TO THE COUNCIL:

1. that the alienation of Erf 6834 Kleinmond (417m² in extent) by means of a competitive process at a market related price for residential purposes, **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 :	M BEKKER
TARGET DATE FOR IMPLEMENTATION :	13 MARCH 2024
TARGET DATE TO INFORM APPLICANT:	13 MARCH 2024
TARGET DATE TO INFORM OBJECTOR:	N/A

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**A Le Roux
21 November 2023**

Manager: Property Administration

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**THIS MATTER SERVED BEFORE THE INVESTMENT & INFRASTRUCTURE
PORTFOLIO COMMITTEE ON 7 FEBRUARY 2024, WHICH COMMITTEE
RECOMMENDED AS FOLLOWS:**

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1. that the alienation of Erf 6834 Kleinmond (417m² in extent) by means of a competitive process at a market related price for residential purposes, **be approved in principle**;
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RESPONSIBLE OFFICIAL :

M BEKKER

TARGET DATE FOR IMPLEMENTATION :

13 MARCH 2024

TARGET DATE TO INFORM APPLICANT:

13 MARCH 2024

TARGET DATE TO INFORM OBJECTOR:

N/A

ANNEXURE A1



