
ADDITIONAL ITEM

7.2.6	POSSIBLE DISPOSAL OF A PORTION OF ERF 23, FRANSCHHOEK TO THE FRANSCHHOEK METHODIST CHURCH
-------	---

Collaborator No:

IDP KPA Ref No:

Meeting Date:

INSTITUTIONAL TRANSFORMATION

12 February 2020

1. **SUBJECT: POSSIBLE DISPOSAL OF A PORTION OF ERF 23, FRANSCHHOEK TO THE FRANSCHHOEK METHODIST CHURCH**

2. **PURPOSE**

To make a final determination on the proposed disposal, following the public participation process.

3. **DELEGATED AUTHORITY**

The Municipal Council must consider the matter.

4. **EXECUTIVE SUMMARY**

The Franschhoek Methodist Church is leasing a portion of erf 23, Franschhoek from Stellenbosch Municipality since 1995. The lease will expire in 2020, whereafter they will have an option of renewal for a further period of up to ten (10) years on terms and conditions to be mutually agreed upon between the parties. They have applied to purchase the land from the Municipality. The property has been developed by the church, at their cost. The improvements consist of the following buildings:

- Church building: ±175m²
- Crèche/ ECD Centre: ±260m²

- Total** : ±435m²

Having considered the request, Council, on 24 April 2019, *inter alia* resolved as follows:

5.1 *that Council, in principle, approve the disposal of land to the Franschhoek Methodist Church without following a public tender process, and subject to the following conditions:*

- a) *that the **purchase price** be determined at **30% of market value**, the market value to be determined by two (2) independent valuers;*
- b) *that a **reversionary clause** be inserted in the title deed of the property, should the property not be used for religious/social care purposes anymore;*
- c) *that the church be responsible for the **sub-division** and rezoning of erf 23, Franschhoek, to allow for a separate unit to be transferred;*
- d) *that a servitude be registered in favour of the Municipality regarding all municipal services crossing the property;*
- e) *that a right of access from Bagatelle Street be registered in favour of the church.*

- 5.2 *that Council's intention to dispose of the property under the provisions set out above, be advertised for **public inputs/objections/alternative proposals** as provided for in par 9.2.2.1 of the Property Management Policy; and*
- 5.3 *that, following the public participation process, the matter be submitted to Council to make a final decision on the disposal, or not."*

Following the above decision two (2) independent valuers have been appointed to do a valuation and the proposed disposal was advertised for public comment/inputs.

The intended disposal was advertised and the closure of the inputs was 11 July 2019. No inputs or comments were received. The valuation reports are attached as **APPENDICES 3 and 4**.

The return item served before Mayco in November 2019 and was referred back to get a valuation of the property from the valuer responsible for valuations for rates valuations. The valuation report is attached as **APPENDIX 5**.

Council must now make a final determination in this regard.

5. RECOMMENDATIONS

- (a) that Council takes note of the fact that no public inputs/objections/alternative proposals were received;
- (b) that Council approves of the disposal of the land indicated in Fig 3 to the Franschoek Methodist Church, subject to the following conditions:
- i) that the purchase price be determined at 30% of market value, being R376 500.00(excluding VAT), based on the weighed average of two (2) valuations being obtained;
 - ii) that a reversionary clause be inserted in the title deed of the property, should the property not be used for religious/social care purposes anymore;
 - iii) that the church be responsible for the sub-division and rezoning of erf 23, Franschoek, to allow for a separate unit to be transferred;
 - iv) that a servitude be registered in favour of the Municipality regarding all municipal services crossing the property;
 - v) that a right of access from Bagatelle Street be registered in favour of the church; and
- (c) that the Municipal Manager be authorised to sign all documents necessary to attend to the transfer of the property.

6. DISCUSSION/CONTENT

6.1 Background

6.1.1 Lease Agreement

On 29 November 1995 Franschoek Municipality and the Methodist Church of Franschoek concluded a 25 year lease agreement in relation to a portion of erf 23, Franschoek. In terms of this agreement they would be granted first right of refusal to procure the property, should the Municipality decide to sell the property.

6.1.2 Application to purchase land

During 2018 the Franschhoek Methodist Church requested to purchase the property at 10% of market value.

Council considered the matter on 24 April 2019. Having considered the application, Council resolved as follows:

- “(a) that the portion of erf 23, excluding the parking area, Franschhoek, as land indicated in Fig 3, be identified as land not needed to provide the minimum level of basic municipal services;*
- (b) that Council, **in principle**, approve the disposal of land to the Franschhoek Methodist Church without following a public tender process, and subject to the following conditions:*
- i) that the **purchase price** be determined at **30% of market value**, the market value to be determined by two (2) independent valuers;*
- ii) that a **reversionary clause** be inserted in the title deed of the property, should the property not be used for religious/social care purposes anymore;*
- iii) that the church be responsible for the **sub-division** and rezoning of erf 23, Franschhoek, to allow for a separate unit to be transferred;*
- iv) that a servitude be registered in favour of the Municipality regarding all municipal services crossing the property;*
- v) that a right of access from Bagatelle Street be registered in favour of the church.*
- (c) that Council’s intention to dispose of the property under the provisions set out above, be advertised for **public inputs/objections/alternative proposals** as provided for in par 9.2.2.1 of the Property Management Policy; and*
- (d) that, following the public participation process, the matter be submitted to Council to make a final decision on the disposal, or not”.*

A copy of the agenda item that served before Council is attached as **APPENDIX 1**.

6.1.3 Public Notice

Following the above resolution, a public notice was published, soliciting public input/objections/alternative proposals. A copy of the notice is attached as **APPENDIX 2**.

The closing date for inputs/objections or alternative proposals was 11 July 2019.

No inputs/objections or alternative proposals were received.

6.1.4 Valuation report

Hereto attached as **APPENDIX 3** and **4** valuation reports, compiled by Cassie Gerber Property Valuers cc and Pendo Property Valuers, valuating the land at R1 050 000.00 (exclusive of VAT) and R1 460 000.00 (Excluding VAT) respectively. The weighed average of the two (2) valuations is R1 255 000.00 (Excluding VAT). In terms of the previous Council resolution, the sales price is to be determined at 30% of market value, i.e. R376 500 (Excluding VAT).

6.2. DISCUSSION

6.2.1 The Property

The portion of land, being a portion of Remainder erf 23, Franschoek, measuring approximately 2086m² in extent, is situated at the corner of Bagatelle Street and Lamprecht Street, Franschoek, as shown on Fig 1, 2 and 3 below.



Fig 1: Location and context



Fig 2: The Property



Fig 3: Extent of property

The property is owned by Stellenbosch Municipality and is zoned for Institutional use.

The property has been developed by the church, at their cost. The improvements consists of the following buildings:

- Church building: $\pm 175\text{m}^2$
- Crèche/ ECD Centre: $\pm 260\text{m}^2$
- Total** : $\pm 435\text{m}^2$

The church also developed a parking area which is fenced in. This area has been excluded from the area recommended for disposal to the church.

There is a 50m building restriction applicable, measured from the middle of Lamprecht Street (Northern boundary of site) which would not allow the church to develop on that area.

6.3 Financial Implications

There are no financial implications except for the income (purchase price) that will be derived from the sale of the asset. All cost associated with the transfer will be for the account of the church.

6.4 Legal Implications

The recommendations contained in this report comply with Council's policies and all applicable legislation. The legal framework is discussed in a paragraph of the previous council item and already taken into account.

6.5 Staff Implications

No additional staff implications

6.6 Previous / Relevant Council Resolutions

Item 7.2, 24 April 2019 resolution reflected under 6.1.2 above.

6.7 Risk Implications

This report addresses the risk implications for the Municipality.

6.8 Comments from Senior Management

No comments received.

ANNEXURES:

- 1: Agenda item that served before Council
- 2: Official Notice
- 3: Valuation report: Cassie Gerber
- 4: Valuation report: Pendo Property Valuers
5. Further valuation report

FOR FURTHER DETAILS CONTACT:

<i>NAME</i>	ANNALENE DE BEER
<i>POSITION</i>	<i>DIRECTOR</i>
<i>DIRECTORATE</i>	<i>Corporate services</i>
<i>CONTACT NUMBERS</i>	<i>021-8088018</i>
<i>E-MAIL ADDRESS</i>	Annalene.deBeer@stellenbosch.org.za
<i>REPORT DATE</i>	<i>2020-02-07</i>