



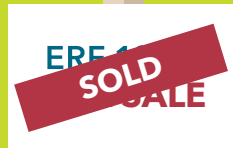
CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

PROPERTY MANAGEMENT

APPLYING TO BUY OR LEASE MUNICIPAL LAND



ERF 1234
TO LET



This booklet details the rules, regulations and procedures involved in leasing or buying municipal land.

Making progress possible. Together.



Current information is valid
as at July 2020

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VIABLE LAND

APPLYING TO BUY VIABLE MUNICIPAL LAND

1. When selling City property, the law requires that the City do so at market value. The buyer will have to pay the price of the land, plus all costs relating to the transaction, such as surveying, advertising, the deed of sale, and transfer. The City may not sell a property that it needs to provide the minimum level of basic municipal services.
2. All applications to buy City property are considered in terms of current laws and the City's own Policy on the Management of Certain of the City of Cape Town's Immovable Property.
3. **Viable properties** may only be sold through a process of public competition, for instance, through a public tender, auction or call for proposals. "Viable properties" are those that can be developed and can function as separate properties, which the Registrar of Deeds can register. These include properties used for commercial, residential, business and social reasons (including early childhood development centres and public places of worship). Just because a member of the public has shown interest in a property does not imply that (s)he has any right to buy that property. The City has no obligation to sell any specific property to anyone.

APPLYING TO LEASE VIABLE MUNICIPAL LAND

1. All applications to lease City property are considered in terms of current laws and the City's own Policy on the Management of Certain of the City of Cape Town's Immovable Property.
2. **Viable properties** may only be leased through a process of public competition, for instance through a public tender or call for proposals. "Viable properties" are those that can be developed and can function as separate properties, which the Registrar of Deeds can register. These include properties used for commercial, residential, business and social reasons (including early childhood development centres and public places of worship). Just because a member of the public has shown interest in a property does not imply that (s)he has a right to lease that property. The City has no obligation to lease any specific property to anyone.



PROCESS SUMMARY: BUYING/LEASING VIABLE LAND

1

SELECTION CRITERIA

Viable properties are selected for disposal/ lease and are influenced by: the City's strategic objectives and delivery targets; public/councillors input; service department's needs; internal database; and available resources/capacity. The selected properties are placed on the Disposal Programme.

2

DISPOSAL PROGRAMME

The Disposal Programme gives effect to the Municipal Finance Management Act (2003) and Municipal Asset Transfer Regulations (2008). Legislation and Policy dictates that the property must be surplus to municipal requirements, sold via public tender and at market value.

4

PUBLIC PARTICIPATION

If the technical investigation deems a property fit for sale/lease, then a call for public participation is advertised in newspapers, and is open for 30 days. It's also sent to local councillors and National/Provincial Treasury.

3

INVESTIGATION

Determine if it is possible to sell/lease the property by confirming/ascertaining: ownership, surplus to municipal needs, zoning, viability, development conditions, etc. A valuation report and a disposal/lease plan are prepared.

5

IN PRINCIPLE APPROVAL

A report is submitted to the decision-making authority for in principle approval to sell/ lease. A comprehensive approval route is followed via subcouncil, financial and legal compliance, Immovable Property Adjudication Committee (IPAC), Mayoral Committee and Council/Director: Property Management.

6

RELEASE OF TENDER

A tender is drafted after taking into account the findings of the technical investigation and resolution from Council. The Bid Specification Committee scrutinizes tender specifications and conditions. The tender released to the public on a Friday and is open for 30 working days.

8

REGISTRATION

After the award, a sale/lease agreement is negotiated and concluded with the winning tenderer. For disposal matters, once the sale agreement is signed a Conveyancer is appointed to oversee the transfer and registration.

7

AWARD OF TENDER

All bid offers received in terms of the City's Supply Chain Management Policy (2011) are evaluated on compliance and price. The highest compliant bid offer above the reserve price will be recommended for award to the competent authority. The Director: Property Management is the competent authority for certain leases and the Immovable Property Adjudication Committee (IPAC) is the competent authority for the sale of City property.

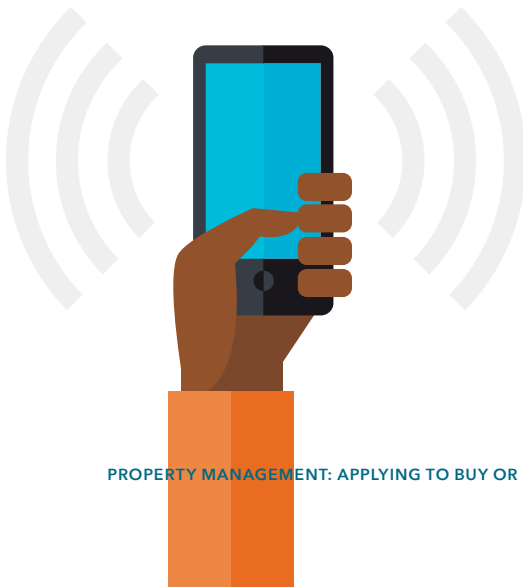
CONTACT US FOR FURTHER INFORMATION:

Viable properties: property disposals and acquisitions branch

13th floor, Civic Centre, Hertzog Boulevard, Cape Town
021 400 3900

Non-viable and improved properties: property holding branch

Tygerberg region	Goodwood Municipal Offices, 1st Floor, Cnr Voortrekker Road and De Villiers Street, Goodwood, 021 444 4967
Southern region	Plumstead Administrative Offices, 3 Victoria Road, Plumstead, 021 444 2583
Cape Town region	Media City Building, 3 rd floor, Cnr Heerengracht and Hertzog Boulevard, Cape Town, 021 400 6551
East region	Omniforum Building, 2 nd floor, 94 Van Riebeeck St, Kuils River, 021 444 5878



NON-VIABLE LAND

APPLYING TO BUY NON-VIABLE MUNICIPAL LAND

1. When selling City property, the law requires that the City do so at market value. The buyer will have to pay the price of the land, plus all costs relating to the transaction, such as surveying, advertising, the deed of sale, and transfer. The City may not sell a property that it needs to provide the minimum level of basic municipal services.
2. All applications to buy City property are considered in terms of current laws and the City's own Policy on the Management of Certain of the City of Cape Town's Immovable Property.
3. **Non-viable properties** are dealt with by the regional offices of the City's Property Holding Branch. "Non-viable properties" are those that cannot be developed on their own or function as separate properties because of urban planning rules, physical constraints or size, and can therefore only be functional if a neighbouring owner uses the property together with his/her own. Those interested in buying a non-viable City property should complete an application form and return it to the relevant regional office.
 - 3.1. The City will have to consult a number of its service departments for comment as part of its internal processes.
 - 3.2. If the service departments above support the application, the applicant will receive notice of the conditions that will apply to the sale, as well as the price. If the applicant accepts the conditions and price, the proposal will be advertised for objections, in terms of the law.

- 3.3. The City will send any objections to the applicant for comment before they are submitted to Council to make a decision.
- 3.4. For the sale of a portion of road or public place, the property needs to be closed through a Provincial Gazette notice before it can be sold. The law also requires this closure to be advertised.
- 3.5. In some cases, the property needs to be rezoned so that it can be used for the intended purpose. If so, the applicant will have to submit a separate application to the City's Planning and Building Development Management Department, which will carry its own costs. The rezoning of a public place will also require an environmental impact assessment (EIA).
- 3.6. A land surveyor will have to be appointed at the applicant's cost to prepare diagrams for the property to be transferred.
- 3.7. Once the approved diagrams have been received, a deed of sale will be prepared, which the applicant needs to sign and then send to Council's conveyancer to register the transfer.

TARIFFS & CHARGES APPLICABLE TO NON-VIABLE LAND SALES (01.07.2020 - 30.06.2021) EXCL VAT

SUBJECT TO ANNUAL ESCALATION AS DETERMINED BY COUNCIL

 Application fee	R2 625 incl VAT
 Advertising fee [statutory advertising]	R5 252 incl VAT
 Fee to prepare sale agreement	R1 215 incl VAT

PROCESS SUMMARY: BUYING NON-VIABLE LAND






APPLYING TO LEASE NON-VIABLE MUNICIPAL LAND

1. All applications to lease City property are considered in terms of current laws and the City's own Policy on the Management of Certain of the City of Cape Town's Immovable Property.
2. **Non-viable properties** are dealt with by the regional offices of the City's Property Holding Branch. "Non-viable properties" are those that cannot be developed on their own or function as separate properties because of urban planning rules, physical constraints or size, and can therefore only be functional if a neighbouring owner uses the property together with his/her own. Those interested in leasing a non-viable City property should complete an application form and return it to the relevant regional office.
 - 2.1. The City will have to consult a number of its service departments for comment as part of its internal processes.
 - 2.2. If the service departments above support the application, the applicant will receive notice of the conditions that will apply to the lease, as well as the rental amount. If the applicant accepts the conditions and rental, the proposal will be advertised for objections, in terms of the law.
 - 2.3. The leasing of a public place may also require an EIA.
 - 2.4. The City will send any objections to the applicant for comment before they are submitted to Council to make a decision.
 - 2.5. A lease agreement will then be prepared, which the applicant needs to sign.
 - 2.6. Tenants may put up certain structures on leased property only if Council's approval and permission are obtained beforehand.

TARIFFS & CHARGES APPLICABLE TO LEASES (01.07.2019 - 30.06.2020) EXCL VAT

SUBJECT TO ANNUAL ESCALATION AS DETERMINED BY COUNCIL

 Application fee	R2 625 incl VAT
 Advertising fee	R5 252 incl VAT
 Lease agreement preparation fee (Excluding minor encroachments, gardening or security leases)	R1 215 incl VAT
⊘ Tariffs for minor encroachments	
>0 cm to 10 cm over the property boundary	No tariff
10 cm to 50 cm over the property boundary	R1 313 per annum incl VAT

TARIFFS FOR GARDENING AND/OR SECURITY PURPOSES

<100 m²	R631 per annum incl VAT
>100 m² <200 m²	R1 261 per annum incl VAT
>200 m² <300 m²	R1 891 per annum incl VAT
>300 m² <400 m²	R2 523 per annum incl VAT
>400 m² <500 m²	R3 154 per annum incl VAT
>500 m²	R3 783 per annum incl VAT

Applications for security leases must be accompanied by documents that prove existing security/nuisance threats.

TARIFFS FOR LAND LEASED FOR SOCIAL RELATED PURPOSES

Welfare, Community, Cultural, Crèche Early Childhood Development Centre, Place of Worship) as well as for sport and recreational purposes.	R1 111 per annum incl VAT
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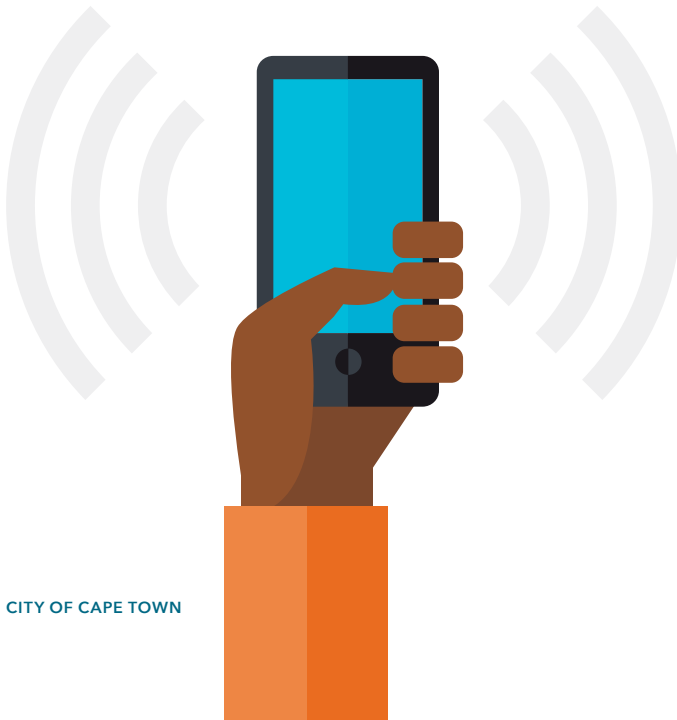
PROCESS SUMMARY: LEASING NON-VIABLE LAND



CONTACT US FOR FURTHER INFORMATION:

Non-viable and improved properties: property holding branch

Tygerberg region	Goodwood Municipal Offices, 1st Floor, Cnr Voortrekker Road and De Villiers Street, Goodwood, 021 444 4967
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Important notes to applicants

1. Submission of an application does not mean that the land transaction has been approved. All application and advertising fees are however non-refundable.
2. No correspondence except a properly signed lease/sale agreement should be interpreted as final approval of the transaction. All other correspondence up until that point is merely part of the assessment process.
3. Immovable properties are “high-value” when they are worth more than R50 million, and carry “significant property rights” if they are valued at more than R10 million with a lease period longer than three years. Different processes apply when these types of properties are to be sold or leased. Similarly, different processes apply to the sale of non-high-value properties or the leasing of those with insignificant property rights.
4. Property transactions are subject to many laws and regulations. The City has no choice but to comply with all the prescripts, particularly those of the Municipal Finance Management Act and its associated asset transfer regulations. This makes the process lengthy and complicated.
5. All applicants’ municipal debt profile will be checked. Applications will not be processed until any arrears are settled.

www.capetown.gov.za



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